

Critical Success Factors in Entertainment-Based Retail Development

by

Jacob L. Boyer
Bachelor of Science Management/Finance
Brigham Young University, 1996

and

Thomas G. DiNanno
Bachelor of Arts Economics
Middlebury College, 1989

Master of Government Administration
University of Pennsylvania, 1993

Submitted to the
Department of Urban Studies and Planning in Partial Fulfillment of the Requirements of the Degrees
of

MASTER OF SCIENCE IN REAL ESTATE DEVELOPMENT

at the

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

September 1999

©Jacob LeGrand Boyer and Thomas George DiNanno. All rights reserved.

The authors hereby grant to MIT permission to reproduce and to distribute publicly
paper and electronic copies of this thesis document in whole or in part.

Signature of Author: _____

Jacob LeGrand Boyer
Department of Urban Studies and Planning
August 1, 1999

Signature of Author: _____

Thomas George DiNanno
Department of Urban Studies and Planning
August 1, 1999

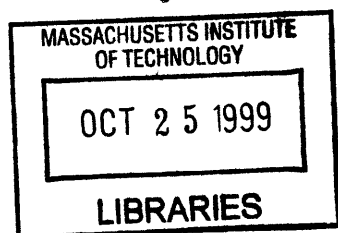
Certified by: _____

John P. de Monchaux
Professor of Architecture and Planning
Thesis Supervisor

Accepted by: _____

William C. Wheaton
Chairman

Interdepartmental Degree Program in Real Estate Development



ROTC

Critical Success Factors in Entertainment-Based Retail Development

By
Jacob LeGrand Boyer
Thomas George DiNanno

Submitted to the
Department of Urban Studies and Planning on August 2, 1999
in Partial Fulfillment of the Requirements of the Degree
of
Master of Science in Real Estate Development
at the
Massachusetts Institute of Technology

ABSTRACT

There is a development phenomenon spreading across urban areas of the United States. Municipalities are undertaking multi-million dollar investments to support new stadiums for professional sports franchises. Accompanying these high profile investments is a concurrent investment in museums and cultural attractions of all types aimed at attracting tourists and local interests alike. This phenomenon is part of a wave of well planned and executed economic development initiatives that are using the development of cultural icons such as sports stadiums and museums to anchor commercial and retail development in the area.

This thesis will look to identify the critical success factors in creating an urban entertainment district that encompasses sports venues, museums or other cultural icons, and an entertainment based retail center. It will identify the stakeholders in such an initiative and analyze the driving factors in the development and planning process. The combination of the three elements - stadium, museum, retail entertainment center- creates a critical mass of development that will serve as a model for other municipalities as they look to create their own downtown entertainment districts. It will also look at any combination of elements as a possible economic development initiative rather than a strict definition and closely defined form.

Four case studies will be presented and analyzed, Faneuil Hall in Boston, Inner Harbor in Baltimore, Gateway/North Harbor in Cleveland and The Gateway in Salt Lake City as four projects undertaken in four large U.S. cities. We will also try to superimpose these success factors to secondary markets.

Thesis Supervisor: John P. de Monchaux
Title: Professor of Architecture and Planning

TABLE OF CONTENTS

Chapter 1: INTRODUCTION	4
<i>Methodology</i>	7
Chapter 2: FANEUIL HALL MARKETPLACE	13
<i>Background and Overview</i>	13
<i>The Festival Marketplace</i>	15
<i>Success Factors</i>	17
<i>Success Indicators</i>	25
<i>Lessons</i>	26
Chapter 3: BALTIMORE CASE STUDY	28
<i>Background & Overview</i>	28
<i>Success Factors</i>	34
<i>Success Indicators</i>	42
<i>Lessons</i>	44
Chapter 4: CLEVELAND CASE STUDY	46
<i>Background and Overview</i>	46
<i>Success Factors</i>	54
<i>Success Indicators</i>	62
<i>Lessons</i>	69
Chapter 5: OTHER SUCCESS FACTORS AND INDICATORS	71
<i>Developer Success Factors</i>	71
<i>Retailer Success Factors</i>	77
<i>Municipality Success Indicators</i>	83
<i>Municipality Success Factors</i>	86
<i>Lessons</i>	87
Chapter 6: CONCLUSION	88
<i>Application of the Success Model to Salt Lake City</i>	88
<i>Overview/Background</i>	88
<i>Success Factors</i>	90
<i>Gateway Conclusion</i>	99
BIBLIOGRAPHY	103
APPENDIX A-BALTIMORE MAP	106
APPENDIX B-CLEVELAND MAP	107

Chapter 1: INTRODUCTION

How does a city built for one economic and social era change to meet the demands of another?

In essence this is what it means to be a “good” city: the ability to adapt to external change so that people can prosper in the new economic and social environment. Part of being a good city is the ability to invest in people and places so that physical and social capital are available for development. Another part of being a good city is creating a unified sense of place so that people recognize a common bond that transcends their immediate neighborhood, class, race, or ethnicity.

The central thesis question we will address is: “What are the critical factors that identify this unified sense of place, which we will argue has manifested itself in urban entertainment areas. This phenomenon is part of a wave of well planned and executed economic development initiatives that are using the development of cultural icons such as sports stadiums and museums to anchor commercial and retail development in the area. The nature of this commercial development is also changing as entertainment based and interactive retail is replacing a more traditional retail paradigm. What the festival marketplace was to the 1980s, the sports stadiums are to the 1990s, urban entertainment districts that encompass all of the above will be the wave of the future.

Today our economy is evolving into a new type of economy, the “experience” economy.¹ The experience economy requires retailers to provide more than just service and goods. Services serve as a stage while goods serve as a prop in a way that a memorable experience is created.

Because consumers desire experiences, they are willing to pay more for goods that are creatively staged. The purpose behind these urban entertainment districts is to treat citizens and visitors to a downtown entertainment area with more than basic goods. Increasingly municipalities, developers and retailers are in the business of creating lasting memories. Because of this shift in consumer preferences, many developers and municipalities recognize that downtown districts are the ideal venue to provide an experiential atmosphere. Such entertainment related commercial activity areas have been referred to as urban entertainment centers, urban entertainment districts, festival marketplaces, location-based entertainment as well as a number of other terms.

Whatever form or terminology may be used, the common characteristic and goal of the area is to entertain its visitors. The key goal of these areas is to revive the “sense of place” and community that was lost with the mall. Urban entertainment areas are helping restore greater totality to the downtown experience and rebuilding the definition of value. As Jack Rouse, CEO of Jack Rouse and Associates has said, “The experience of doing ‘it,’ whatever ‘it’ is, is what’s going to sell these developments.”² Thus the creation of great environments that provide consumers with authentic, lasting experiences. As Linda Berman of the Warner Brothers Studio Store says, “There has been a profound change in customer attitudes, the 80’s were about stock piling and amassing things. The 90s are about *experiencing* things.”³

Increasingly, urban entertainment areas are being anchored by various cultural attractions that act as traffic generators upon which the new retail establishments rely. By combining sports arenas, museums, and cultural icons, with the new experiential retail paradigm, municipalities around the country are creating an entertainment synergy which they hope will revitalize targeted

¹ Joseph Pine and James H. Gilmore, “The Experience Economy.”

² “UEDs Are Busting Out All Over,” p.90.

economic development areas. In and of themselves, each project may fail or succeed on the merits, timing, or economics of the specific development. But combined with huge funding commitments from municipalities and the business community, urban development areas across the country are now part of an economic development scheme designed to capture or create a unique identity for an area.

We will attempt to identify, qualify and analyze the factors that lead to these development patterns from three categories of stakeholders: the developer / landlord, entertainment / retail tenants, and the municipality / public entity that have significant stakes in the successful economic performance of the new corridors. Additionally, we will explore the factors that measure “success”. These may include the developer’s objectives, the retailer’s goals, and public interests.

The data gathered through research of similar projects will be used to identify trends from which a model which can be applied to various markets can be established. To assist us in establishing our model we will specifically review three urban entertainment districts and apply the lessons to a nascent area. This is an important endeavor because each new project has been viewed as a local initiative with local implications. However, in aggregate, the entire scope of how we develop or redevelop retail and entertainment areas is remaking the fabric of America’s cities. No longer will we have separate districts for shopping, dining, and cultural entertainment areas. The new paradigm centralizes the core functions of our built fabric outside of our living and working environments and provides all the benefactors of the process a more efficient, exciting, and enjoyable non-working experience. As the Empire State Building was once the symbol of

³ Michael Fickes. “That’s Entertainment.”

New York City's grandeur and represented the pinnacle of metropolitan sophistication, today developments like the Rock and Roll Hall of Fame of Cleveland represent the new icon for municipal achievement around the country.

Methodology

We will present this paper in a case study format. We will present a brief overview of each case at the beginning of each chapter. This will give the reader some background on the project and why we chose to incorporate it in building our model. We will then identify success factors later and then present the indicators which identify success. Each indicator or success factor will be indicated by a bullet point under the appropriate heading. We define a success factor as the actions that were contingent and necessary in the project's development process and ongoing management. Success indicators are outcomes that we observed resulting from the specific development pattern described in the paper. Also, throughout this paper we will refer to public sector and private developers and corporations working together toward a common goal. In doing so we will use the term "public-private partnership" to describe both formal agreements between the parties and less formal collaborative efforts.

Also, in each chapter we will present headings for cultural attractions of significance to each case city. We will conclude each of our three cases with the lessons we will apply to our model. Nearly all of our research was done through interviews or the analysis of transcripts of interviews from various sources. As a result, we present our indicators of success mostly in anecdotal form. We went directly to the developers, public officials, retailers, and establishment

owners and from their thoughts and observations established our conclusions. They told us their stories which we felt was the best source of data, “right from the horses mouth”.

We chose each case study for the story it told us in a trend we have identified in large urban entertainment areas around the country. We present the cases chronologically because we believe there has been a historical pattern in the development of entertainment trends around the country. We also chose these cities because they are all former industrial cities that targeted an area of their downtown for entertainment uses. This is in contrast to cities like Miami and Las Vegas whose economies were principally entertainment and tourist focused.

We start with Faneuil Hall in Boston, which was the first Festival Marketplace in the United States. We chose Faneuil Hall because it was one of the first cities to pursue an entertainment district to revitalize its downtown. Open in 1976, it would set a trend for entertainment districts for the next decade with the festival marketplace. Consistent with our assertion that there is an entertainment synergy created with the development of large cultural icons and historic attractions, the New England Aquarium, which is almost physically linked to Faneuil Hall marketplace created a cultural attraction and entertainment epicenter equaled only by Walt Disney World in the 1970s. When Faneuil Hall was built, there was no prototype from which to work. In this chapter, we focus mainly on the success factors of the developer and the working partnership the Rouse Company developed with City Hall. We also discuss other success factors in the process, but the chapter weighs heavily on the developer and City Hall.

Our second case study is Baltimore, Maryland. Approaching our story in chronological order, Baltimore, another struggling industrial port city, bore witness to Boston's success in redeveloping their waterfront. What Baltimore essentially did in a ten-year period was construct an updated "bigger and better" version of Faneuil Hall's festival marketplace with a development called Harborplace. Baltimore essentially followed Boston's formula by developing Harborplace together with the National Aquarium. At the same time they seemingly identified another one of Boston's attractions, Fenway Park, that they would emulate a few years later with the development of Oriole Park at the former rail yard, Camden Yards. Baltimore added a stadium component to the entertainment synergy created by Harborplace and the National Aquarium. Minutes from their waterfront attractions, Oriole Park at Camden Yards has had a profound impact on the redevelopment of Baltimore's waterfront and the image of the city on the whole.

Baltimore also serves as a prototype for our thesis because of its pursuit of experiential retail prototypes. Combined with the cultural attractions, these 90s style retail centers are creating a downtown entertainment district for the next generation of downtown redevelopment. Baltimore has combined the festival marketplace of Boston, and takes the process one step further into the late 1990s with their development of prototype Urban Entertainment Centers and themed restaurants, very closely located to the stadiums and attractions. This development pattern has had a profound psychological impact on the way people think about Baltimore, now a tourist focused city. This chapter looks at some of Baltimore's largest and most successful cultural attractions as well as some smaller ones, and the factors that have made each successful. This chapter also presents examples of major cultural attractions, and the effects they have had on both the psyche of Baltimore's residents and the success of the businesses located in proximity to

the attractions. Also important for Baltimore, is the manner in which they redevelop and retool their attractions to keep up with changing trends in the industry.

In our third case study we look at Cleveland, Ohio. Following the chronological format of our urban entertainment story, Cleveland is the prototype 1990s success city which effectively built upon Boston's and Baltimore's example to significant accolades and praise. The similarities between Cleveland and Baltimore are significant. So much that in 1991 a group of 50 business and civic leaders from the Ohio city spent several days touring Inner Harbor and Camden Yards to get ideas for their endeavor. "We're going to a city similar to Cleveland that has accomplished a revitalization of its downtown area," said Judith M. Ruggie, director of Leadership Cleveland. She brought about 50 members of the 1991 class of Cleveland's 15-year-old leadership development program to Baltimore. They chose Baltimore because it has actively and successfully combined the development of major cultural institutions, sports stadiums, together with an entertainment retail center at Harborplace.

Cleveland fits our model of 90s style redevelopment patterns where downtown retailers and commercial establishments are anchored by large cultural attractions. Cleveland would improve on the Baltimore model by being a 'city of firsts'. Cleveland was the first city to build a professional baseball stadium and pro basketball arena together in a downtown and instigated the first move back to a downtown from a suburban sports facility by an NBA franchise. They were also one of the first cities to have public-private interests work so well together. Glowing articles have been written by authors from The Financial Times of London, to the Harvard Business School, to other foreign publications referencing Cleveland as a model of public-private

cooperation. Cleveland has built three downtown stadiums, and several other large cultural attractions through an extremely successful public-private process. This process is the focus of this chapter. We also present other success factors and begin to present some anecdotal evidence of success. We felt it was very important to our paper to talk about the businesses that have enjoyed the benefits of major cultural institutions nearby. Small businesses represent over 90% of all businesses in the United States and unlike national retailers with great access to capital, we felt the small businesses are a good indicator as to whether or not people are returning downtown. We do not, however, ignore traditional retailers and look at the effects cultural anchors have on their operations in this chapter.

The fifth chapter looks at success factors which we took from interviews with retailers, developers and public officials around the country. Although these factors are not project specific, we felt it was important that we speak to the factors as given to us by various parties in this development phenomenon. Also in this chapter we discuss the significance of entertainment as an attraction for larger national retailers. There is an inconsistency in our research between small and large establishments as to the importance of having an entertainment attraction nearby. We explore this in some detail in this chapter.

Our sixth chapter will conclude by looking at a nascent market where we have identified ample ingredients to redevelop a historic industrial downtown into a thriving entertainment anchored downtown. We will present the newest generation of entertainment success factors we have identified and use Salt Lake City to take parts from the cases that were presented earlier and superimpose these factors to a current project that is in its final planning stage. We will use the

factors we feel are appropriate for the successful redevelopment of Salt Lake City. We will also look at other possible implications of our model to other areas.

Chapter 2: FANEUIL HALL MARKETPLACE

Background and Overview

Faneuil Hall Marketplace, located in Boston's downtown, was completed in the summer of 1976. This project was the first of its kind deviating from conventional malls being developed in suburbia at that time. The description given to this new retail paradigm was the "Festival Marketplace." The festival marketplace offered an alternative shopping arrangement that combined specialty and gift retailing, foods, and festive events. This is a critical case study to evaluate because its innovative concepts would transform retail shopping from a consumer necessity to the "experiential" engagement we see today.⁴

The Faneuil Hall Marketplace has been in existence for over 225 years and is a refurbishment of three produce market halls; the North Market building, the Quincy Market Collonade, and the South Market building. It consists of 212,000 square feet, including 66 shops, 34 foodstalls, 25-40 pushcarts, and 19 restaurants.⁵

A statement made by Edward DeBartolo (who was the largest shopping center developer in the country at that time) is very telling of the trouble facing downtown during the 1970s. He stated in 1973 the following: "I wouldn't put a penny downtown...it's bad...face it, why should people come in? They don't want the hassle, they don't want the danger...and the money...my God,

⁴ Ecklein Communications Inc. Urban Entertainment Centers & Festival Marketplaces. p.60.

⁵ Urban Entertainment Centers & Festival Marketplaces. p.60.

you'd need fantastic government subsidies, amazing subsidies...so what do you do? Exactly what I'm doing... stay out in the country. That's the new downtown.”⁶

The preservation and restoration of the Faneuil Hall Marketplace took place as a matter of happenstance coupled with visionary leadership. In the latter part of the 1950's, a Cambridge consulting firm counseled the City Planning Board to keep the three buildings as a marketplace, hindering the demolition of these buildings. Preservation became imminent when Edward Logue, Boston's redevelopment director, established a renewal plan for much of downtown with the assistance of architectural historians. In the renewal plan proposed by Mr. Logue, saving the deteriorating Marketplace became established as city policy. The redevelopment authority hired a well-respected businessman and architect, Ben Thompson, to begin architectural drawings for the Faneuil Hall Marketplace. Thompson teamed up with the development firm of Van Arkel and Moss to make a redevelopment proposal to the Boston Redevelopment Authority. The proposed development emphasized office development rather than a retail and arcade component.⁷

However, the redevelopment authority, unhappy with their proposal, confiscated the project from Van Arkel and Moss, and contacted the Maryland developer James Rouse. In 1972 Rouse and Thompson agreed to team up and indicated to Mayor Kevin White of their desire to transform the run down Faneuil Hall Marketplace into a thriving market complex. After Van Arkel and Moss' failed development attempt, Rouse's willingness to be involved was considered heroic by the municipality and the redevelopment authority. Rouse describes his involvement in this

⁶ Bernard J. Frieden and Lynne B. Sagalyn. Downtown Inc. p.4-5.

⁷ Downtown Inc. p. 108.

project as follows: “It was like we were the knight on a white horse; we were just embraced that we were coming to save this project.”⁸

In the end, Rouse’s political and business connections were called upon to persuade the redevelopment authority that this project would substantially enhance Boston’s downtown. Powerful bankers and property owners of Boston formed a coalition called the Neighbors of Government Center and pressed Mayor Kevin White to award the final project to Rouse. The Neighbors coalition argued to the redevelopment authority that a return to the city was guaranteed and it was at this time that Rouse was awarded the project.⁹

Though Rouse had no intention of signing leases with national retailers, he had trouble finding enough good local retailers to fill the available space. Moreover, national retailers were unwilling to locate within this rundown old market because their level of comfort was found in suburban malls. Thus, six weeks before opening, the project was only 50 percent leased. Rouse’s agents had interviewed hundreds of artists and potential retailers who had unique products but were unable to pay the rent required to lease in-line space. These retailer’s inability to pay along with the lack of leased in-line space led to the advent of pushcart retailing. Week-to-week leases were offered which were heavily reliant upon percentage rents. Opening day, 43 pushcarts were strategically placed to mask the unleased spaces, but they also added a carnival atmosphere which was intended to be temporary but was so successful that it became a permanent Faneuil Hall fixture.¹⁰

⁸ Downtown Inc. p. 109.

⁹ Downtown Inc. p.110.

The Festival Marketplace

Although Faneuil Hall is being used as a successful example of a downtown entertainment attraction, the festival marketplace has had its share of problems. The Festival Marketplace experiences far more visitors than a regional mall and thus requires significantly more maintenance and management. Also festival marketplaces experience an operating cost which other malls don't experience, the cost of creating an entertaining environment through organized special events and outdoor performances.¹¹ Though it might be argued that these Festival Marketplaces generate a higher than average industry sales per square foot, the increased sales per square foot does fully sustain the burden of the operating expenses.

In addition to the significant operating costs of Festival Marketplaces, the capital costs are also much higher than a typical mall. The creation of a themed environment is more costly than building plain white boxes. The high costs associated with development of exquisite fountains, statues, and outdoor spaces require a much higher initial capital investment.¹² Michael McCall, President of Strategic Leisure, who worked with Rouse on Faneuil Hall explained that over time Faneuil Hall became too costly to operate. Mr. McCall states that Festival Marketplaces today are now considered "economically dysfunctional." He claims that Faneuil Hall worked for a while because Rouse had a relatively low cost structure and it was strategically induced with enormous public sector commitments. Festival Marketplaces suffer from a structural economic imbalance.¹³

¹⁰ Downtown Inc. p.3.

¹¹ Urban Entertainment Centers & Festival Marketplaces. p.19.

¹² Ibid. p. 19.

¹³ Ibid p. 51.

In summation, Festival Marketplaces produce huge sales per square foot but the majority of the tenants have very small square footages. Because of this, many smaller tenants failed and eventually the smaller spaces were combined to create a bigger economic envelope for subsequent tenants. Because of this, Festival Marketplaces received a blemished reputation in the tenant community and with developers.

In addition to the above-mentioned factors, which have changed the Festival Marketplace as we know it, homogenization has also increased. Over the past twenty years, malls have incorporated ideas which originated in the Festival Marketplace such as push carts, interesting design details, and recruitment of entertaining shops. Festival Marketplaces have changed their tenant makeup to include less unique and entertaining retailers and have instead looked to the branded and credit worthy tenants. This change is evidenced in several parts of Faneuil Hall, which is now leased by national retailers Crate & Barrell, Coach, Warner Brothers, and The Limited.¹⁴

Success Factors

- **Developer's Vision**

There is much to learn about key developer success factors when considering Rouse's ability to successfully quarterback the development of Faneuil Hall Marketplace. This development began with a vision of a marketplace which was lively, comfortable, and attracted people to the center of the city. Rouse had tremendous vision and commitment to make the project work and see it

through to completion. The concept was a different kind of shopping experience that most lenders did not understand and they were thus reticent to loan on a project in this highly visible location in case of failure. This was a project with no anchor tenant, no national credit tenants, and a location that was distanced from the purchasing power of suburban residents, making it nearly impossible to obtain financing. Rouse's plan involving primarily retail and restaurants was what the city wanted and needed, but the city became most concerned with what each developer was willing to do to repay the city's investment in the project. Rouse proposed a guaranteed return to the city of at least \$600,000 annually while other developers were not willing to guarantee anything.¹⁵

- *Political Relationships*

Struggling to obtain construction financing, Rouse finally convinced Chase Manhattan Bank to loan him half of the required \$21 million if other Boston banks would be willing to cover the remainder. It was at this point that the project benefited from civic powers of persuasion when Mayor Kevin White applied pressure to local bankers to assist in restoring the historical marketplace. Through the mayor's assistance, a consortium of bankers willing to fund the project was formed and Rouse obtained construction financing for the project. Rouse was fortunate to have the permanent financing arranged in advance. The TIAA, a pension fund, was putting its faith in the strength of Boston because this project deviated from the characteristics of a typical suburban mall. Perhaps one of the most compelling reasons for TIAA's willingness to

¹⁴ Downtown Inc. p. 175.

¹⁵ Downtown Inc. p. 110.

fund the Faneuil Hall Project, was their strong belief in finding investments that had broad social purposes.¹⁶

Another important developer success factor is a willingness to take on and win the political battles that accompany downtown development. To be awarded the Faneuil Hall project, Rouse admittedly acknowledged “pulling every legitimate pressure we could find-from anybody who knew the city, knew the mayor. We did marshal a hell of a lot of support.” In addition to Rouse’s willingness to take on the political battles he was always an optimist who did not become discouraged by unknown obstacles. Rouse understood that close calls and obstacles were routine in the development process. This is best described in the following statement: “The development business primarily consists of finding a way to overcome crises.” In the development of Faneuil Hall Rouse exhibited a confidence about the success of the project and felt that the largest obstacle was a negative frame of mind about Boston’s downtown.¹⁷

- Market Innovation

Another key component of a successful developer is someone who understands what consumer market is being targeted. Faneuil Hall had to offer the consumer something less bland than what was being offered in the typical suburban mall to lure shoppers downtown. Rouse decided to fill Faneuil Hall with independent Boston merchants instead of the national credit tenants that were filling the malls. These shopkeepers and restaurateurs did not sell big-ticket items, but instead sold from small shops, kiosks, and pushcarts a variety of fresh foods and handicrafts. The entire

¹⁶ Downtown Inc. p. 163-164.

¹⁷ Downtown Inc. p. 114-115

Quincy Market was filled with numerous little cafés made up of fresh foods that could not be found in the national restaurant chains. Independent merchants, offering a wide array of unique gifts and foods, would create a bustling, colorful environment that would provide a comfortable sense of place for visitors. Great measures were taken to insure the blandness of the suburban mall was avoided. Rouse inserted lease clauses that prevented the use of specifically identified contemporary touches.¹⁸

- *Designing a “Sense of Place”*

Creating “a sense of place” became key to making Faneuil Hall successful. In determining what uses to implement into the marketplace, Thompson reviewed several old photos of the market and was intrigued by the unique “sense of action” and “excitement” that he felt the photos exhibited. A major contribution to the success of Faneuil Hall was the clever restoration of the old marketplace into a bustling entertainment and shopping district. The vision of the architect and developer, as well as Mayor White (who was trained as an architect) was pivotal for success. The project architect, Ben Thompson, was very clever in finding ingenious ways to transform these dilapidated structures into a contemporary shopping arcade. Because of Boston’s infatuation with historical icons, Thompson was cautious about maintaining the original structures in their simplistic nature along with the cobbled stone pathways.¹⁹

An effort was made to preserve the original marketplace building materials to maintain the historical feel and provide the marketplace with comfortable materials that could not be found in

¹⁸ Downtown Inc. p. 2.

¹⁹ Downtown Inc. p. 204.

most suburban malls. Through the renovation and reuse of rough wooden beams, stone columns, bricks, and granite paving stones the new Faneuil Hall was able to maintain the ambiance of the original marketplace.²⁰

Although the original feel of the market was maintained, several contemporary additions were made to the market to create better shop spaces and spruce up the surrounding atmosphere. The tasteful transformation of this historical marketplace into a successful retail corridor was largely a function of careful preservation of the cultural icon around which the project was being built, namely the three market buildings. Gurney Breckenfield who wrote for *Fortune* Magazine in the 70's commented that Faneuil Hall consisted of artistic flair when he wrote the following: "Their pulling power depends on an intricate blend of light-hearted good taste and restrained but canny design that makes visiting them fun... Rouse's centers enliven commerce with artful showmanship...They recapture the timeless delights to be found in the marketplace, the historic reason for cities."²¹

Because the project was being built on ground owned by the city and the marketplace buildings were historical in nature, the city had more design input than they would have in an arm's-length transaction. Mayor White met often with Rouse to review plans and make changes.²² This two-way check is a critical success factor because it helps prevent shortcomings, it enhances the project design, and it produces a better overall product.

²⁰ Ibid. p. 2.

²¹ Ibid. p. 204.

- Public-Private Partnership

Because retail development was a foreign concept to downtown, a public/private partnership of risk-taking municipalities and developers had to be formed to launch the development of Faneuil Hall. A driving force behind Boston's enthusiasm to redevelop the Quincy Market area was to assist its declining economy. With several failed attempts at downtown redevelopment during the 50's and 60's, Mayor Kevin White recognized the importance of Faneuil Hall's success in drawing tourists and locals alike back downtown and to encourage other developers and investors to come downtown.

In the days prior to Rouse and Thompson being awarded the project, Mayor White and Rouse strolled through the run down market area and White began to ask Rouse how he could be ensured that Rouse was going to do what was best for Boston. It was at this time that evidence of a successful working public-private partnership was most visible. Rouse replied to Mayor White the following: "I'll meet with you once a week to report on everything we are doing, step by step. You can watch it all the way." Two days after this meeting, in late March 1973, the redevelopment authority named the Rouse Company as developer.²³

Once Rouse was chosen as the designated developer of the project the intricacies of the deal had to be hashed out. Other cities seemed to follow a standard formula of supplying the developer with a site ready for building at below cost along with a parking structure. However, the Faneuil Hall Marketplace was unique in nature and thus had to be arranged to meet the needs of both city

²² Ibid. p. 141.

²³ Ibid. pp. 110-111.

officials and Rouse. The Boston Redevelopment Authority bought the property, relocated tenants, and installed new utility lines. Because the city was concerned about insuring the preservation of the historic buildings, they did not feel comfortable with selling the old marketplace fee simple to Rouse. Thus, a ground lease arrangement was suggested which benefited the developer and municipality alike. This reduced Rouse's required up-front investment and provided a means by which Boston could maintain control of the Faneuil Hall Marketplace.²⁴

In addition to the guaranteed annual payment promised by Rouse, the city of Boston considered themselves partners and wanted to benefit in any upside gains which Rouse experienced. This evidenced a true public-private partnership in which there was a succinct alignment of interests. Rouse and the city negotiated a deal that would pay the higher of the \$600,000 payment or 20 percent of the gross rental income from retail tenants. Faneuil Hall's financial arrangement between developer and municipality serves as an exemplary model for alignment of financial incentives.²⁵

- Stakeholder Flexibility

In the formation of public-private partnerships, flexibility is a key success factor. Although the deal between Rouse and the City of Boston was completed in theory there were misunderstandings that occurred and caused the original deal to be adjusted. The first adjustment that was made was to first deduct operating expenses from the percentage rent that

²⁴ Ibid. p. 136.

²⁵ Ibid. p. 137.

was being paid to the city. Likewise, Rouse's restoration costs were much higher than projected due to rotting structural components which were previously unknown. After a year of negotiations, Rouse was granted a greater share of the project's future revenues to compensate for the higher construction costs. City officials understood the risky nature of the project and accordingly felt that Rouse should be properly compensated. The city's flexibility in readjusting the development agreement along with Rouse's willingness to take upon itself risk are critical factors in this public-private joint venture.²⁶

- *Developer Risk Management*

Perhaps the most critical attributes of a successful developer are a high tolerance for risk and the ability to quarterback a complex process. During the early stages of Faneuil Hall's development, Rouse had a difficult time convincing his board of directors to go along with the project. There were several times that the board wanted to withdraw from development of the project, but Rouse was able to convince them to move ahead and continue to allocate equity resources to the project.²⁷ Through the successful management of architects, engineers, and contractors, the developer is able to control costs and deliver a project that is on time and on budget. A high risk threshold is necessary, particularly when equity capital is invested and returns are not realized for several years to come. Likewise, several financing arrangements require various levels of personal guarantees, jeopardizing personal financial stability and net worth. Also, Rouse's understanding of co-tenancy and the consumer along with his ability to be creative in offering alternative retailing methods were key factors to the success of Faneuil Hall.

²⁶ Ibid. p. 145.

²⁷ Downtown Inc. p. 114.

Success Indicators

- *Visitors and Tourists*

Although Faneuil Hall was originally built to appeal to local residents, it has served as one of Boston's number one tourist attractions for several years. Today, approximately 14 million people annually, including residents and tourists, visit this special destination venue. Since opening day on Thursday, August 26, 1976, Faneuil Hall has experienced amazing crowds and considerable success. During the first year of operations an estimated ten million visitors came to Faneuil Hall, the same count that Disneyland experienced that year. The number of visitors continued to increase in the next few years. In 1978 Faneuil Hall saw 12 million visitors, and by the mid-1980's over 16 million visitors came through Faneuil Hall annually. In the opening year the Market generated \$233 per square foot, amazing participating financiers, the municipality, and Rouse. This was more than twice what most successful suburban malls were generating in 1976. In 1987 Faneuil Hall was generating close to \$500 per square foot which is seemingly large even in 1999 dollars.

- *Financial Performance*

Over time the partnership between Boston and Rouse proved to generate income for Boston that was well beyond the guaranteed minimum amount of \$600,000 annually. In the mid-1980's Boston was collecting approximately \$2.5 million annually based on the percentage rent concept.

One might ask what kind of inflation-adjusted yield this type of project generates. Over the 40-year life of the project, from 1962-2002 Faneuil Hall Marketplace will have generated an approximated 8.5 percent return, or an inflation and residual earning power adjusted return of approximately 4.5 percent. Because of Boston's willingness to take risk upon itself, it is estimated that 40 percent more has been collected through profit sharing on this project than would have been collected through conventional property tax methodologies.²⁸

Lessons

Faneuil Hall served as a catalyst for redevelopment and growth in the Boston downtown area. Through the visionary leadership of Mayor Kevin White, architect Ben Thompson and developer James Rouse, this run down market, which was nearly bulldozed, was transformed into a thriving downtown attraction. The thought of reviving downtown retailing in the mid-1970's left most developers and retailers skeptical. For the most part people did not desire to live in or interact with downtown. They came downtown to work and then returned to the suburbs to live, shop, and be entertained. Significant in the process of redeveloping Boston's downtown and waterfront was the development of another cultural anchor, the New England Aquarium, in addition to the festival marketplace at Faneuil Hall. We argue that this type of synergy, where visitors can visit multiple sites provides the basics for an urban entertainment district. Consistent with our model is the existence of Boston's downtown stadium, the Boston Garden, (now the new Fleet Center) only a ten-minute walk from the restaurants and attractions at Faneuil Hall. These are the same ingredients that we will present throughout this paper as anchors for downtown entertainment areas.

²⁸ Downtown Inc. pp. 168-169

The developers and political leaders whose vision saw Faneuil Hall and the waterfront redevelopment to fruition would set off a trend, the effects of which are still being realized to this day. The most important lesson to take away from Boston is that there was no model from which they could work; they were the first. Being the first to undertake such an endeavor, the lessons are: one, spread the risk among the stakeholders. Clearly if Rouse had to assume the entire financial responsibility, the project would not have succeeded. And two, towards this end be distinct and get government commitment early. The success of Faneuil Hall would soon be the model for the second generation of urban entertainment districts in Baltimore a few years later.

Chapter 3: BALTIMORE CASE STUDY

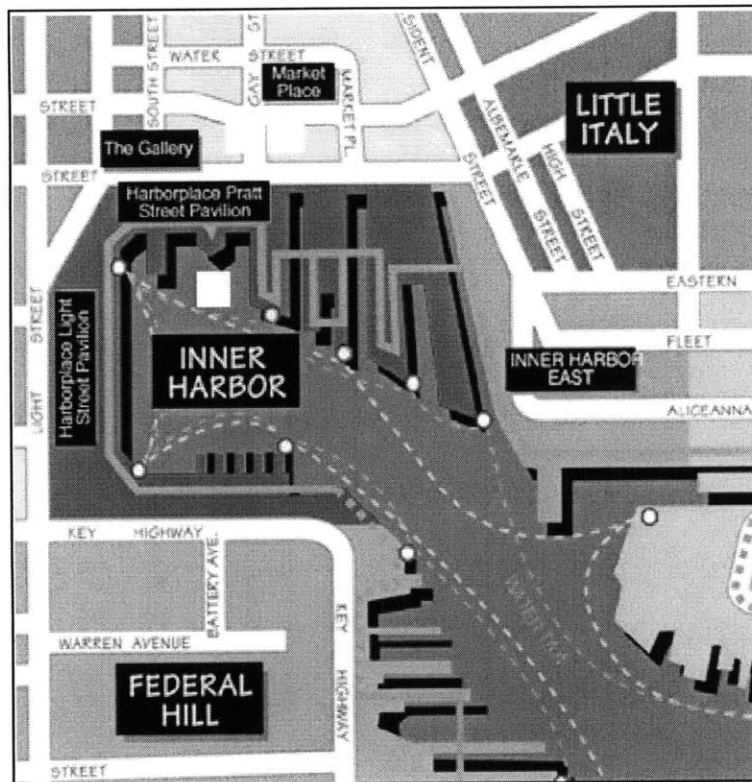
Background & Overview

Perhaps no other city in America has developed cultural attractions like Baltimore. Its state of the art sports stadiums, dozens of museums, and the festival marketplace at Harborplace are the lynchpin of the city's economic development policies. In this chapter we will look at the development of Camden Yards, Port Discovery, Inner Harbor, as well other attractions. It is also important to note that Baltimore has shown a readiness to change over time. This has been evidenced at Harborplace, built as a festival marketplace off the Faneuil Hall blueprint, and is being transformed into a modern entertainment/retail complex.

Harborplace was initially controversial - it entailed construction on public property and sparked a debate about land use and design. Once approved, however, people became excited about the project and the jobs it would create. Its opening provided a shot of adrenaline for city revitalization efforts. In the 1960s, plans for Inner Harbor redevelopment were based on the assumption that the bulk of the renewal area would be devoted to offices or housing. However, the success of attractions such as the National Aquarium in Baltimore and the Maryland Science Center showed that there was strong potential for more tourist activity - the Inner Harbor as an urban theme park. In this second case study, we look at Baltimore because of the manner in which it has pursued the development of its entertainment district.

Baltimore is now in its third wave of urban entertainment development and has been the incubator for urban entertainment-based redevelopment since the development of Harborplace in the 1980s. Baltimore was also on the forefront of stadium development as a cultural icon with the development of Oriole Park at Camden Yards. It has seen the development of several smaller cultural attractions and is now redeveloping 90s style with prototype urban entertainment centers in close proximity to both Inner Harbor and Camden Yards. Baltimore's large cultural icons anchor retail centers throughout the Inner Harbor and downtown areas as they bring tourists in by the bus load. Its economic development policies have been entertainment focused and have evolved to meet the changing wants and desires of consumers and retailers.

The Rouse Co. introduced the notion of shopping as entertainment to Baltimore with Harborplace in 1980 and the Gallery at Harborplace in 1988. Like Faneuil Hall, Harborplace was anchored by a historical or cultural icon. Similar to many renewal efforts around the country during the 1970s and early 1980s, Baltimore used historical areas as the target for redevelopment. Even though the Harborplace pavilion was built new, it used its proximity to the restored USS Constellation as a cultural anchor for the redevelopment. This was in part due to a heightened public interest in historical icons following the U.S. Bicentennial in 1976. Historical tax credits were the tool of choice for redevelopment around the country which was one of the few tax advantages preserved for developers in the 1986 tax reform.²⁹ Ever since then, harbor development has been a balance between culture, entertainment and education. But this next wave of development promises to tilt the scales more heavily toward entertainment and turn the compact theme park around the Inner Harbor basin into a more elongated strip.



Inner Harbor, Harborplace, The Gallery Map

The old Baltimore was a hub city patterned after historic centers such as Annapolis, Charleston, Philadelphia and Boston. The new Baltimore will look more like Atlantic City, Miami and the Las Vegas strip. The old Baltimore was basically a north-south city, the new Baltimore will look east-west. Its new image is a vibrant, upscale combination of work and leisure, a global center that is alive 24 hours a day.

²⁹ Downtown Inc.

None of this is carved in stone. None of it may happen. But it is a credit to the Maryland Stadium Authority, the Mass Transit Administration and the Schmoke administration that people are discussing such prospects. That is the next step in making Camden Yards more than two buildings on a sea of asphalt open just four hours a day on assorted dates on the calendar. They are seeking to integrate the stadiums at Camden Yards into a comprehensive urban entertainment district known as the Inner Harbor where retail merchants and restaurants prosper among the dozens of cultural attractions nearby.

Camden Yards

Perhaps the best known of Baltimore's attractions is Oriole Park at Camden Yards. Baltimore's success at Oriole Park practically overnight caused America to re-think its view of stadiums as more than just expensive projects where athletes compete. At Camden Yards concepts to create businesses and revitalize downtown all revolve around entertainment in a downtown historical setting. Amenities include a plush new "club" level of luxury seats and lounges and a wide variety of food and beverage outlets. They enable the park to function as a setting for private parties, whether a game is under way or not. Sixteen different places can be reserved for weddings, fund-raisers, and other events. Camden Yards is a state-of-the-art facility that encompasses all the luxuries of a modern entertainment facility. What Camden Yards has accomplished is to anchor a four-season entertainment and retail district.

Oriole Park at Camden Yards is far more, though, than simply a playing field. As designed by the Maryland Stadium Authority and the Orioles, it is the focal point of interest during the

spring, summer and fall. Baltimore's high-rise offices, both old and new, frame the stadium's outfield for the fans. The Bromo-Seltzer Tower, brightly illuminated at night, stands over everything, lending an architectural flavor to the area unmatched at any sports venue in America.

The stadiums at Camden Yards (including a new football stadium) are the lynchpins of an economic development strategy that uses massive public commitments to create cultural attractions that anchor retail and entertainment for the entire downtown. We have contended thus far that one of the most important factors in the success of urban entertainment districts is the existence of large cultural attractions, similar to that found in Boston and Baltimore. What makes Baltimore a unique case to study is that it brought the stadium component to the attractions at the Inner Harbor (National Aquarium and Harborplace) to create even greater entertainment synergy downtown. Built at a cost of \$18 million, Harborplace changed the city in ways no one could have predicted when it opened in 1980. From an urban planning standpoint, there are strong parallels between the two projects that suggest Oriole Park at Camden Yards will have just as much impact, if not more than Harborplace. But the combination of festival marketplace and large cultural attraction at Oriole Park is what sets Baltimore apart.

The marketplace and the ballpark have put Baltimore on the cutting edge of national development trends. In 1981, Boston architect and critic Robert Campbell observed that festival marketplaces capture the spirit of the age more than any other type of building.

"Perhaps each generation creates a kind of mythic building type for itself,"he wrote. "What the skyscrapers were to New York in the 1930s, the market is today: ... the place where the god of

the city has taken up residence for the moment; the place where you take the visiting cousins; the place, where, mysteriously, for a time, the Delphic air vibrates.”

Seven years later, New York architect John Burgee made a similar observation about sports arenas. A stadium is “the most monumental structure that cities are building these days,” he said. “They’re not building City Halls. They’re not building cathedrals. The sports palace is the new national meeting place.” “Not since ancient Greece has sports so much taken the center,” added his partner, architect Philip Johnson. “In ancient times, the Olympic games were where everything happened. There was no question where the center of the community was. . . . Again, now, cities may be known by their tall buildings, but communities will be known by their stadiums.”³⁰

Today, many cities have festival marketplaces and many are getting new ballparks and arenas. But few cities in the country have combined the two the way Baltimore has. They are practically side by side, and the combination will make each all the more powerful as they have a strong effect upon the city’s residents and visitors.

Despite the high profile attention that sports teams and stadium construction receive from the population, a cultural renaissance is taking place in Baltimore where museums and other cultural icons are seemingly popping up on every street corner downtown. At the same time developers and retailers are capitalizing on an entertainment-based retail paradigm. What is present here again is a host of cultural attractions. For example, a short walk from the Harborplace pavilions,

³⁰ *ibid*

the Cordish Co. (a local developer) has turned the Power Plant into an entertainment and shopping mecca.

- *Port Discovery*

Another cultural attraction downtown is Baltimore's new museum for children. When Port Discovery opened in 1998 it was not only a Disney-infused 'edu-tainment' center where children have fun as they learn. It was also a \$32 million jump-start for the city's economically troubled east side. Port Discovery, one of the largest children's museums in the country, was promoted as the cutting-edge brainchild of an unprecedented partnership between Disney Imagineering and educators. Its board estimates the 80,000-square-foot museum will draw hundreds of thousands of visitors annually, boost the Maryland economy by at least \$14.5 million a year and generate 600 new jobs. Other attractions include, the Convention Center just West of the Harbor which is undergoing a \$150 million expansion and renovation that will double its size. Additionally, The Babe Ruth Museum and Baseball Center, inside Camden Station, will become the new football stadium's neighbor.

Success Factors

- *Ability to Change*

Some suggest, Baltimore faces an ironic challenge: Once a front-runner in reviving downtown as a destination, the city must now play catch-up to compete with much of the inner-city development it inspired. And while Baltimore led the trend in combining the first generation of downtown entertainment with a sports complex, Baltimore is now developing the newest

generation of urban entertainment. Its focus is on themed environments which integrate 'fantasy' and a sense of place to capitalize upon Inner Harbor's past success as a cultural attraction and benchmark of urban entertainment. The creation of an environment that will attract visitors for various reasons: work, play, shopping, entertainment is now the focus of Baltimore's efforts. This can be seen at Harborplace and the Power Plant where developers have been negotiating to bring in nationally known clubs and restaurants - "brand-name entertainment" - to make the city even more of a magnet for tourists and conventioners. Baltimore is like "a theme park, a Walt Disney World," said Blake Cordish, a member of the team developing the Power Plant. "It started with a few attractions - the aquarium and the science center and grew with the ballpark. What is important from a competitive standpoint is for us to continue to add venues." These changes provide new ways of looking at the city and imagining possibilities for growth.

The urban renaissance now seeks to attract tourists with themed restaurants, patterned after the Hard Rock Cafe, snazzier clubs and theaters, and the use of high technology to create you-are-there virtual reality fantasy environments. Only in the past few years, have huge entertainment corporations, such as Sony, Walt Disney, and IWERKS Entertainment, found urban locations to be worthwhile. Joining them have been retailers, such as Nike Town and Virgin Records Megastores, and restaurants such as Planet Hollywood.

For example, at the Pier Four Power Plant was once an icon to the industrial might of the port of Baltimore. The Power Plant now has life once again since the Cordish Company and the City of Baltimore have worked to make the Power Plant the symbol of Baltimore's renaissance as an urban entertainment hub. Inside renovations include the nation's first ESPN Grill, a restaurant

and sports playground featuring more than 200 video screens; interactive games allowing customers to kick footballs, hit baseballs and slap hockey pucks. ESPN studio sets also double as attractions and venues for regular live broadcasts.

Closeby, the Rouse Company's Harborplace is undergoing its own renovations that began with the signing of Planet Hollywood to a long-term lease. But more than simply a new entertainment restaurant with a waterfront view and a collection of Hollywood and television memorabilia, the Maryland-based real estate developer and manager hopes that Planet Hollywood will become the cornerstone for the revitalization of the 19-year-old project. From Rouse's standpoint as developer and manager of Harborplace, Planet Hollywood and other themed entertainment based restaurants are critical to the long-term ability of Harborplace to attract visitors. For Planet Hollywood, which opened its first restaurant 10 years ago, the Baltimore location is part of a \$110 million push to expand in 17 cities and capitalize on the public's fascination with themed restaurants. The match could not be more perfect for both developer and retailer. "Baltimore has become one of the top locations for the film and television industry, and the addition of Planet Hollywood Baltimore adds another star to our famed Inner Harbor promenade," said Mayor Kurt L. Schmoke.

- *Proximity to Cultural Attractions*

The proximity of the Power Plant to other Inner Harbor attractions should also provide some agglomeration effects. From the developers standpoint, the Power Plant and the aquarium, for example, do not compete for customers because they offer different but complementary products.

“If we were selling shoes, then adding more stores would hurt each store,” Cordish said. “But in this case, the pie just keeps getting bigger for all of us.” Inside the Power Plant, the ESPN Grill accommodates over 600 people, employs at least 200 and includes a sports memorabilia shop. The network, which reaches more than 70 million homes, is banking on the chain to boost the ESPN name. “The Inner Harbor’s thriving, the building’s historic, you got the Orioles and the new stadium for the Ravens,” Levitt said. “It’s a perfect location for us to launch the ESPN Grill.” The proximity to the stadiums is clearly a major success factor to this retailer.

From the municipal standpoint, a success factor for its Port Discovery museum is its proximity to other Inner Harbor attractions. It is important from this standpoint in creating entertainment and retail synergy. The opening of Port Discovery could not have been more timely as the museum opened on the heels of the restored Power Plant’s success as new home to ESPN Zone, Barnes & Noble bookstore and Hard Rock Café. It is the hope that Port Discovery is another anchor that will draw visitors to the Power Plant and Harborplace. Port Discovery should also help Cordish (the developer) attract new tenants to the Brokerage, a retail complex adjacent to the museum and be a goad for improvements at the Harbor Park movie theater and the Baja Beach Club, which border Market Place. The existence of the new cultural attraction as we have seen will serve as an anchor to retail development to complement the attraction.

A local company also hopes to capitalize on the entertainment district downtown. The local owners of Mary Sue Candies want the benefits of a candy factory and museum located near the Inner Harbor attractions. Their preliminary plans for a Willy Wonka-style attraction would capitalize upon proximity to the Inner Harbor. The factory would be a multi-level attraction

featuring exhibits on the World of Candy, the History of Candy and the Magic of Candy. But this confectionery institute also would be a legitimate manufacturing center. “We want it to be entertaining, but we're not just putting on a show. We'll be making something, too.”³¹ At Port Discovery, children’s museum representatives are intrigued by the notion of a candy factory nearby. The owners are already convinced that the candy factory and museum would be a hit on Market Place, the location of Port Discovery. Part of the attraction of opening a candy factory to the public is the wide range of activities under way at any given moment. The owners favor a Market Place location because the candy factory would help draw visitors to the children’s museum and the children's museum would help draw visitors to the candy factory.

- *Vision of the Future*

Abell Foundation president Robert C. Embry Jr. once said that a part of the significance of any large redevelopment project is that it provides something for the general public to focus on, to strive for - something for a whole city to rally around and pin its hopes and dreams on. That’s what Harborplace did in the early 1980s, and that’s what Oriole Park has did in the early 1990s.

Mr. Embry, a former Baltimore housing commissioner, said a city always needs a big project that is just a little beyond reach, far enough away that it provides a goal that holds a community's interest. With the ballpark now complete the football stadium is right around the corner. For its own good, Baltimore needs something new to take the ballpark's place as a shimmering vision off in the distance, and the sooner the better. As architect Charles Lamb has put it, “Cities either go forward and change or settle back and lose position. There's very little in between.”

³¹ Baltimore Sun, 3/9/96

- *Design & Image*

In creating Oriole Park, the B&O warehouse, a long, eight-story 19th century building combines both the old and the new, taking inspiration from the classic downtown ballparks around the country such as Fenway Park and Wrigley Field. Its 94-year history and brick facade recalls the era of railroading history in Baltimore, but its refurbished interior mix of office space, baseball-related shops and eateries and the daytime extension of pedestrian walkways enlarges the boundaries of downtown. “There was a much greater sense of anticipation about the ballpark than there was for Harborplace’s opening because it’s clearly a project created by and for the public,” said James W. Rouse, an avid Oriole fan and founder of the company that built Harborplace. Rouse also said, “Everybody in the city feels ownership of it, and all of the advance attention has been so marvelous. I’ve never seen the mood of the city raised to such a high pitch as it is now about the ballpark, and justifiably so. I think it will be widely recognized as one of the most important places in the United States.”³²

- *Urban Design Fit*

Part owner of Camden Yards, Mr. Jacobs said he wanted the ballpark to satisfy three urban design goals: ‘It had to be an integral part of the city. It had to give life to a part of the city where adding life was important and it had to add value to the city over and above just being a home for the Baltimore Orioles, to fulfill all of its potential. “I think its distinguishing characteristic is its authenticity,” Mr. Jacobs said. “It fits. It belongs. It’s not ersatz. . . We’ve made a statement that

this is Baltimore and baseball. And no one will mistake it or confuse it as they might in so many other places.” One of the best characteristics about Harborplace and Oriole Park is that they bring people together on an intellectual plane as well as a physical one. To Jacobs, the key to the significance of Baltimore's ballpark is that it adds something that is genuinely new to the city, and yet of the city. The Orioles play at home in only one place. It's not redundant with anything else.

- Universal Recognition

A new major league ballpark “gives you instant recognition, nationally and internationally, in a way that no other project can,” said Sandra Hillman, a marketing consultant to numerous cities and former director of Baltimore's promotion office. “Every major news organization broadcasted from here on Opening Day. The psychology of sports is different from anything else. Nothing else gives people a chance to participate in the same way.”³³ “It seemed like a once-in-a-lifetime opportunity to have a beneficial impact on the city and its future,” said Mr. Jacobs, who also has a keen interest in architecture and urban planning. “That’s one reason why we were so sensitive to the grid of the city and the fabric of the city. It turned out just the way we hoped it would.”

The ballpark is also seen as a vehicle for expanding the life of the city. By drawing up to 48,000 people downtown at night and on weekends, the ballpark is “extending the life of the city from a 40-hour pattern to an 80- or 90-hour pattern,” Mr. Jacobs said. “This will generate a lot more

³² Baltimore Sun, 7/12/95.

³³ Baltimore Sun, 7/12/95

activity.” For Jacobs, the combination of sports and entertainment also puts Baltimore on the cutting edge of a trend in which team owners, having recognized that television and radio revenues are unlikely to get much higher, are pushing to find new sources of revenue to cover ever-increasing player salaries. The solution for them was to create a facility that in and of itself is an attraction.

In terms of creating a universally recognized attraction, noted planner Kevin Lynch has called the new stadiums important in creating an image for the city. They are well-designed, image-making buildings that become an integral part of the city's identity - and the collective consciousness of its residents. Both are places where locals will take out-of-towners when they want to show them a good time - and put the city in a positive light. Harborplace and the ballpark are not the only places with the power to draw large numbers of visitors. Baltimore also has many places that work simultaneously to bring people together in one relatively compact zone downtown, including the Convention Center, the National Aquarium and the Pier 6 Concert Pavilion. In some cases, the activity center, which includes the Maryland Science Center and the Inner Harbor promenade, was in place before Harborplace opened. All work to bring people together in ways that they like to come together - through sports, music, shopping or just people-watching. This is the essence of urban entertainment that is now poised for what Baltimore refers to as its second renaissance.

Success Indicators

Heightened Civic Pride

Both the stadium and Harborplace are people magnets. Just as the 19-year-old retail center uses shopping and dining as an excuse for bringing people together, the ballpark uses sports to gather people. The bottom line is that each is drawing people to the heart of the city. These two venues are not merely gathering places, but spiritual centers that go to the heart of what the community is about. Both play to the pride of the community, providing tangible symbols of accomplishment. Both also help generate excitement about Baltimore, excitement that can be fueled by media coverage. Both show that cities can be fun, fulfilling what Mr. Rouse has referred to as “the basic yearning of people to come together and share time and space with each other.”

“Sports have been one of the great integrating forces, both racially and economically, in American life,” said former Baltimore housing commissioner M. Jay Brodie. “That function is terrific to have in the middle of the city.” For many people the ballpark is likely to strike an even deeper chord than the shops of Harborplace, because many people are so passionate about sports. The ballpark is also seen as a national model for a new kind of urban activity center for the 1990s and beyond. It will set the standard for future hybrids of sports and entertainment in much the same way Baltimore’s Harborplace pavilions influenced retail architecture almost 20 years ago. “People will come down early in the day to go to Harborplace or the aquarium or go with their family to the picnic area at the ballpark and then stay for the game,” Mr. Brodie said. “We wanted it to be a total experience.” As part of a package of attractions that includes Harborplace,

the National Aquarium and the Maryland Science Center, Oriole Park is expected to have greater impact than if it had been built off by itself.

Economic Development

Maryland Stadium Authority Chairman Herbert J. Belgrad said the goal from the beginning was to make the stadiums “an economic development project.” As a result of efforts to make Baltimore a tourist destination more than a dozen downtown attractions, costing more than \$400million, have either been built or are in the planning stage. Among them are the first children's museum designed by Walt Disney Co., a new football stadium and a major harborside prototype entertainment and retail complex. These attractions and more than \$18 million in renovations at existing ones are expected to create hundreds of jobs and rekindle the city's reputation as a tourist destination. “This is a bigger list of coming attractions than we’ve ever had in the past, and it will raise the city to a new plateau,” said Walter Sondheim Jr., who led the organization that oversaw the original Inner Harbor redevelopment. Beyond the anticipated tangible economic benefits, many business and civic leaders look to the growth of tourism for other reasons. They see it as an engine to revive downtown neighborhoods and inspire more development. They see it as a magnet to lure large conventions and corporations. They see it as one of the best hopes for renewing confidence in the city and helping reverse decades of middle-class flight.

Port Discovery, in the old Fishmarket entertainment complex, had 2,527 paid visitors on its opening day - a number its creators hope will translate into 450,000 a year. Based on that level

of visitation, Port Discovery officials expect it will boost the state's economy by at least \$14.5 million annually.³⁴ Those visitors also are expected to generate more than \$26 million in new sales and receipts, said Kathy Dwyer Southern, president and chief executive officer for Port Discovery.

- *High-Profile Tenants*

An indicator of a project's success is its ability to attract high-profile tenants. These tenants affect the drawing power of a project. For example, the Power Plant's redevelopment over the past five years has made it a major generator of business along the waterfront. Approximately three million people visited the Power Plant's ESPN Zone, Barnes and Noble bookstore and Hard Rock Cafe last year.

At Harborplace, in addition to Planet Hollywood, Rouse has added a Cheesecake Factory, Capitol City Brewing Co. and a J. Paul's restaurant at the 145,000-square-foot urban mall, all prototype themed restaurants. The new restaurants are part of a more than \$25 million Rouse renovation of Harborplace, which generates more than \$1 billion in sales and \$62 million in taxes annually.

Lessons

The timing of the development of Baltimore's attractions is significant for this paper in the manner in which it followed Boston's lead in redeveloping its industrial port area into an urban

³⁴ Baltimore Sun, 8/14/95.

entertainment district and tourist attraction. As we discussed in the introduction, what Baltimore did was add a new dimension to the festival marketplace/cultural attraction (National Aquarium) synergy with the development of Camden Yards. As was presented in the chapter, the psychological effect the stadiums have had on the city is profound and is clearly represented by the interviews in the chapter. What also makes Baltimore a good model city for this paper, in addition to being able to trace the pattern of urban entertainment districts, is the manner in which they reevaluate consumer preferences. The short falls of the festival marketplace, as presented in the Faneuil Hall chapter were not lost on the Rouse Company. Their continued management and reassessment of trends in retailing and awareness of consumer preferences has been critical to the long-term viability of this entertainment district. Also significant, is the existence of late 1990s prototype theme restaurants and retailers in such close proximity to the other downtown attractions. At this point in the analysis it does seem to imply that we are encouraging a “more is better” approach to urban entertainment districts. However, the next chapter will refocus the success of these areas to a “better is better” paradigm.

Chapter 4: CLEVELAND CASE STUDY

Background and Overview

For the purposes of our analysis, we present Cleveland as an example of how downtowns redevelop with large cultural icons. In fact, Cleveland has many of them. It has three state-of-the-art sports stadiums, the Rock and Roll Hall of Fame, and a thriving downtown retail district mixed in. Significant to the Cleveland case is that there is not a prototype festival marketplace in Cleveland. This is significant because it is not our assertion that all of the success factors we have identified have to be present for a successful program to take place. What is unique in Cleveland is the abundance of smaller ancillary establishments that have opened since the opening of its hallmark attractions. We believe this is a sign of health from an urban planning standpoint as less contrived or “planned” blocks seem to be naturally in-filling the urban streetscapes. Part of this phenomenon has to do with the design of the major attractions which have significant open and public spaces directly adjacent to the attractions. The result is a de-facto urban park which attracts pedestrian traffic, street vendors and small retail establishments.

Unlike major malls or prototype festival marketplaces, Cleveland’s natural development pattern, providing the hustle and bustle to the downtown, is also a positive result of the attractions that have been developed. The reasons for Cleveland’s slow but steady urban redevelopment are significant because they represent the slow metamorphosis from an industrial/manufacturing city to the new downtown of the future, which emphasizes culture and entertainment. We would argue that the sheer size and number of Cleveland’s attractions have helped transform downtown

Cleveland into a four-season entertainment district upon which smaller retail establishments can prosper. Also significant to Cleveland, is the manner in which it worked within the existing urban fabric to develop its cultural attractions. Essentially, Cleveland's downtown and waterfront are two distinct areas of the city. The city chose to develop both the North Harbor and the Gateway separately, such that more organic development would fill in between the Harbor and downtown. Rather than using an anchor as the metaphor for Cleveland, a barbell better symbolizes the physical layout of the city with two weights on each end. This is distinct from both Baltimore and Boston who chose to congregate their attractions at the waterfront. Cleveland is thus a good case city for our paper because it demonstrates a different physical urban planning layout while implementing the same mechanisms for success. The attractions we will look at in this case include the North Coast Harbor Site, home to the Rock and Roll Hall of Fame and the Great Lakes Science Center, the Gateway Sports Complex, home to Jacob's Field, Gund Arena and the new football stadium, and Playhouse Square.

In short, what Cleveland has done in the last ten years is nothing short of miraculous. Through a series of public-private partnerships and initiatives, it is our contention that Cleveland has anchored the future of the city with a one-of-a-kind Rock and Roll Hall of Fame, three state-of-the-art sports stadiums and a host of other cultural attractions. What once was a city known as 'the mistake on the lake' most noted for the spontaneous combustion of the Cuyahoga River, now bristles with tourists, shoppers and diners.

"This city was down and out for so long," said Mel Rose, a Cleveland restaurateur who played a prominent role in the revitalization effort. "Now, everybody seems to have a positive attitude. They're proud of the Indians, and the Rock and Roll Hall of Fame just opened. It's almost like a

love affair, and the Indians are certainly the catalyst.” Although the Jake (as the locals affectionately call the new baseball stadium) and the Rock Hall are the crown jewels of the downtown redevelopment, the \$3 billion civic facelift began nearly a decade ago, with the redevelopment of Playhouse Square. This initiative and the resulting success helped turn the dilapidated market district on the edge of downtown into a thriving civic and cultural center, and transformed Cleveland from the ‘mistake on the lake’ into the ‘Comeback City’.

It is our assertion that Cleveland’s status as a world class city and the success of its entertainment and cultural anchors resulted from a comprehensive economic development strategy.

Maintaining a long-term strategic focus was critical to Cleveland’s regional economic revitalization. The strategy was preceded by a political and administrative crisis faced by the city of Cleveland. This crisis reflected a wider regional economic crisis that effected several post-industrial cities throughout the country. Once a thriving symbol of America’s post –war industrial might, competition and technological advances had undermined Ohio’s heavy industrial job base and stripped the region of its economic stability. Struggling to keep jobs from leaving, Mayor George Voinovich was elected in 1980, tasked with turning a municipal government riddled with political patronage, bureaucratic inefficiency and turf battles into a functioning municipal organization with a vision. His economic policies laid the ground-work for a development strategy that would create Cleveland Tomorrow, a non-profit group composed of the corporate leadership of the region. Cleveland’s strategy was widely accepted by its political, corporate, and union leadership - its economic community - due to their vested interests in finding solutions to an economic transition that threatened the long term-viability of the city as a world-class city.

In Cleveland's case, it took ten years for economic regeneration to take place, starting with the election of George Voinovich in 1980. As the candidate supported by the region's business interests, corporate leadership entered the arena of development politics because their economic crisis was part and parcel of the region's development crisis. Development depends on the way the strategy is executed and on committed investment.

Soon after Voinovich's election as Mayor in 1980, eight of the city's business leaders met to put together a strategy that would address the city's economic problems. They received a grant from the Gund Foundation and hired the local office of McKinsey & Company to study the local economy, examine best-practice development programs in other metropolitan regions, and make recommendations for a development strategy for Cleveland. The resulting report was issued a year later and stressed the loss of market share of the region's core industries and the lack of firms in new, fast growing industries.

This plan identified strategic objectives that needed to be addressed with public investment if the economy of the region was to change. These are investments that the private market is often unwilling to make without some form of assistance or encouragement, either due to their risk or to the public good's nature of the product - even if they are to be privately controlled such as sports arenas and shopping malls. The agenda was developed with the consent of the mayor and it was adopted by the county commissioners, governor, state and Congressional legislative delegations. Pursuit of the long-term agenda was left to Cleveland Tomorrow as the intermediary, coordinating institution.

The staff and operating budget of Cleveland Tomorrow was supported by corporate dues, and the organization was charged with implementing the strategy. Cleveland Tomorrow then hired two of the people McKinsey had placed on the study project as staff. Cleveland Tomorrow was formed to maintain the development agenda of the corporate leadership. A de facto development organization, it is supported by a combination of foundation, corporate, and governmental funding. The government funding is project related, while the continuing funding comes from the other sources. The corporate funding can take two forms - initial corporate grants, that are often followed by membership fees. Seed funding, by local foundations and corporations, are critical to the success of this model as these funds act as capital.

Playhouse Square

There is little question that major investments re-made the public face of the downtown and that the public sector participated substantially in the financing of these projects in the form of various subsidies, write-downs, and tax breaks. The largest investors were county and state governments, followed by the City and federal governments.

Playhouse Square was the prototype of a highly leveraged civic project that became possible with corporate and foundation leadership and risk capital, that was augmented by substantial capital investments by state and county governments. The project involved the rehabilitation of the downtown theater district that was once the cultural and civic center of the city. Three civic

advocates became the saviors of Playhouse Square, first rallying corporate support through Cleveland Tomorrow and then enlisting ‘risk capital’ from the Cleveland Foundation.

Playhouse Square became the model that was followed in a number of early development projects such as the Tower City redevelopment (the original Rock Hall site). Building preservationists worked hard to generate public support for a number of theaters grouped at the eastern edge of downtown. They put together a case that the theaters were cultural attractions in Cleveland that would serve as a traffic generator that would both create a market for development and secure a vital piece of the city and keep the land from being turned into parking lots. Cleveland Tomorrow and the Cleveland Foundation supported the creation of a non-profit intermediary charged with the development of the Playhouse Square “neighborhood.” There was direct corporate and foundation involvement in the early stages of the project and they secured funding from Cuyahoga County to make the project happen. The County and City provided nearly half of the funds - primarily the County. The State contributed nearly a quarter of the funding, using the bonding authority of the higher education budget as the shell to transfer the funds. The final 20 percent came from corporate contributions (13 percent) and local foundations (7 percent)³⁵.

Gateway—the location of Jacob’s Field and Gund Arena, and Northcoast Harbor - home of the Rock Hall and Great lakes Science Center - were financed by a combination of funds from the County and the state capitol budget, techniques that were pioneered for Playhouse Square. The

³⁵ There is no single accounting available of the investments made by each governmental unit and we were not able to find an accounting of the various building projects that identified the participation of each unit of government, the not-for-profit sector and private investors.

civic projects - Gateway and the Northcoast Harbor, along with Tower City - were the cornerstone for the visitor destination development strategy for downtown. More importantly, however, they have symbolic and cultural values. First, and foremost, they offer a tangible symbol of the revitalization of the city and region. Second, they are proof that the coalition of business, government and activists can complete physical development projects. Finally, they offer an opportunity for Cleveland's City Planning Commission to subtly shape the fabric of the built environment of the downtown for usage by the citizens as a leisure activity destination.

Rock Hall

Cleveland is a somewhat unusual case to analyze because of the singular nature of one of its hallmark attractions. The Rock and Roll Hall of Fame is a one-of-a-kind project and the civic and political commitment undertaken to be named as site of the Rock Hall is another critical success factor in the remaking of Cleveland. Unlike ballparks, aquariums, science and children's museums and zoos, there could only be one Rock and Roll Hall of Fame. Designed by world famous architect I.M.Pei, the Rock Hall serves as the anchor of Cleveland's waterfront redevelopment.

Northcoast Development Corporation is the not-for-profit organization that controls the Northcoast Harbor site. Home to the Rock Hall and Great Lakes Science Center Museum, the initial \$10 million investment in Northcoast Harbor came from the State's capital budget, and accounted for 55 percent of the project funds as of 1991.³⁶ The State funds were linked to an early grant from the Economic Development Administration to make the harbor a reality.

Thirteen percent of the funding came from federal sources, and six percent from county and city government. Corporate donations accounted for fifteen percent and local foundations contributed ten percent. Once the inner harbor was completed, the Rock Hall's architect selected the harbor as its location. The reported contract amount for the Hall was \$45 million and Cleveland's alternative newspaper, The Free Times, reported that the exhibits cost \$22 million. The budget grew to \$72 million when the State of Ohio put in place the first tranche of funding for the Hall with an \$8 million capital grant and \$64 million in bonds (two-thirds by the County's Port Authority, one-sixth by the County and a matching amount by the City). These bonds are to be repaid in part by tax increment financing from Tower City's property taxes, the County hotel bed tax, and admission fees.³⁷

Gateway

The Gateway, home of Jacobs Field, Gund Arena and the new Cleveland Brown's stadium, is a half billion dollar plus sports complex. The bulk of the funds to construct the three sports venues came from a county-wide sin tax that is used to retire bonds issued by the County government. Infrastructure finance came from gasoline taxes and from a state-wide infrastructure bond issue called Issue 2. The City of Cleveland also abated property taxes as a development incentive. The federal government contributed indirectly by allowing the issuance of tax-free bonds for the Gateway project. Funds from loges and club seats and naming rights completed the financing.

³⁶ The Free Times

³⁷ (All Gateway Statistics) Baltimore, Free Times.

There are two points to be made from all of this detail. First, doing high profile capital intensive cultural projects - which is what many of the visitor destination projects are - is expensive, risky, and requires spreading the risk among many participants. In all of these cases participation started with a risk-taking unit of government. In the case of the Rock and Roll Hall of Fame, the governments were the State of Ohio with its \$10 million grant for the harbor and their initial capital grant of \$8 million for the Hall itself, and a grant from the federal government. This was due to the personal involvement of Governor Celeste. Playhouse Square was made possible due to risk taking on the part of the County Commissioners, as is the case with Gateway. Yet, in each case, there was a project advocate who lobbied for the grants. The Playhouse project was initiated by three civic activists which were later supported by the Cleveland Foundation and Cleveland Tomorrow. The Rock and Roll Hall was advocated by then-mayor Voinovich. Gateway, the home of Jacobs Field was initiated by Cleveland Tomorrow and the mayoral administrations of Voinovich and White, but the County Commissioners and the State of Ohio made the project happen under the threat of the Indians leaving the region.

Success Factors

- *Public-Private Partnerships, Cleveland Style*

Private-public development partnerships can work, but they must represent a broad coalition of support for specific projects to succeed. That support must consist of a combination of financial and personal involvement. The exact composition of that partnership and who takes the lead, will differ from region to region, depending on the region's particular political and economic

cultures, the nature of corporate and institutional leadership, and the degree to which civic infrastructure can address development issues.

Corporate leadership in development strategy is required because businesses are the only organizations that span regional economies. Presumably, corporate leaders have a perspective that spans the regional economy – they offer their goods or service outside the region. But they must have enough at stake within the region - whether a corporate competitive advantage or other association within the region - to compel the corporate entity to take the risks of entering visible economic development projects. To successfully implement such an initiative local government must either be especially effective in its ability to carry out a project, or there must be a broad and deep civic infrastructure located outside of formal government that can see projects through to completion. A civic infrastructure essentially is all the business, non-profit and social institutions that have a direct interest in maintaining Cleveland as a quality place to live and work. These organizations have interests beyond the board room and factory floor. They would provide the impetus and passion to push government at all levels - local, county, state, and federal to fund civic and cultural attractions that would become the cornerstone of Cleveland's comeback. In many ways, what makes Cleveland interesting is that it is representative of a large number of older metropolitan areas in the United States. These cities have deep rooted civic involvement. The business community, elected officials and populous, are the driving factors for success of high profile, high priced Cleveland scale projects

Cleveland Tomorrow is controlled by a board that has significant direct representation by the private sector or by the private sector's representatives and the board's membership must have a

direct stake in the issue that the organization addresses. In this sense, the organization is extremely project focused where board members are usually involved in the financing, management, or operations of the project. Often the development issue is regional in scope and formal political representation on the organization's board remains very respectful of the power of formal government and cognizant of the needs of elected officials. The result is that the Cleveland model has created, and supported, a very dense professional civic infrastructure where business and government works together towards the same goals. What this economic development model does is take private sector interests and management skills and gives them the power and motivation to see massive projects, such as the Rock Hall and the Gateway, to completion. The board derives its power by empowering its members with decision-making ability rather than an advisory role. Their motivations are twofold. One, they have either corporate or personal funds at stake. Two, their presence on the board in the first place indicates they have an interest in the success of each initiative. As business leaders, the membership of Cleveland Tomorrow, has a long-term business interest in the success of the region and also has both a personal and philanthropic desire to keep Cleveland competitive. The form and function of Cleveland's model was certainly a major, if not the critical success factor in re-creating Cleveland.

The strength of this development model is that the civic infrastructure is composed of professionals who are familiar with each other and work well together. This allows them to broker and complete deals by working within the strategic framework that is maintained by the Cleveland and Gund Foundations, Cleveland Tomorrow, and the leadership of the Greater Cleveland Growth Association. The boards of all of these organizations have significant, and

often overlapping, membership from the region's elite corporations and law firms. The development organizations are also production, or goal, oriented. In this regard they have adopted a corporate operational culture. The Cleveland model depends upon sharing credit, cooperation, and fundamentally on knowing the needs of the formal political system and finding ways to meet those needs. This is a cultural understanding and it recognizes the power of the mediating institutions such as the Mayor's Office or the City Council.

The Cleveland model also involves corporate leadership in real decision making roles, not as civic figureheads that pass on staff developed projects. They invest personal funds in some of the projects and corporate funds in many others, but these investments always parallel the personal expenditure of time and effort on the project by either themselves or a peer. This structure is evident in statements the first two executive directors of Cleveland Tomorrow made to a Harvard Business School case-writing team.³⁸ The first director, Bill Seelbach, said that: "The staff brings analysis, alternatives, and recommendations to the Officers' Group (the executive committee of Cleveland Tomorrow). The Officers' Group, in turn, make recommendations to the full board, and then the board votes on it. That is in contrast to many organizations where, frankly, the agenda is set by the staff, and the programs are directed and run by full-time staff." Richard Shatten, the second director, recounted a lesson he learned from Mort Mandel, one of the CEOs who founded Cleveland Tomorrow. Shatten reported that Mandel told him after a meeting where Shatten told Cleveland Tomorrow's board not to worry about an issue because he had dealt with it: "You (as executive director) have to involve me (as a member), because involvement leads to understanding. Understanding leads to commitment.

³⁸ Austin, 1996a, p. 9.

Unless I'm involved, I can't be committed, and if I'm not committed, I'm never going to give you any money."

The most successful projects in the Cleveland initiatives are bricks and mortar projects because development coalitions work best when there is a tangible project that is achievable. What makes a project achievable is that a source for the base-line funding, which serves as the investment capital or very patient debt, is identifiable. The project also must fit into the broad development strategy that has evolved over time so that it can become part of Cleveland's "development story."

There must be a stakeholder who can build a coalition that includes the primary investor (which is often a unit of government), the corporate community (which can provide seed capital from the community foundations, Cleveland Tomorrow, and corporate grants), and City and County government.

The project must be adopted by the civic infrastructure who can staff the project. If the project is privately owned, then the project is managed by the developer but receives support from the civic infrastructure. What is critical to Cleveland-style development is that there is the knowledge-base in the community to staff and complete complicated projects and that all of the stakeholders - the corporate community, developers, banks, not-for-profit organizations, State, County, and City governments as well as the legislative delegations—know how the process worked.

- Regional Appeal

The project had to have some broad appeal in the County. Regional appeal is required for several reasons: County government is often a critical funder and the County Commissioners need to sell the investments to suburban residents, corporate leadership—and often their employees—who rarely live in the city. The projects have to make sense to their lives, and Cleveland’s downtown is a regional resource that is dependent on suburban labor for its economic vitality.

- Political Leadership

Critical to the process is that all of the stakeholders ascribe to the original Voinovich dictum: “together we can do it.” What is different about Cleveland-style development is that it is largely self-effacing and credit-claiming does not appear to be important to those who put together the projects and managed the process. Instead, projects fall apart when there are blatant attempts at grand-standing, or credit-claiming, or when project advocates fail to take the time to put together coalitions that included a fairly broad array of elected officials and the corporate community.

- Political Relationships

The foundation of Cleveland’s economic restructuring was also very political, consisting of a three-way partnership that was formed between George Voinovich, George Forbes who was

President of the City Council, and the corporate leadership of the region. The center of the revival was Voinovich, and his collaborative style. Voinovich was, however, the right person at the right time. The City of Cleveland's electorate and the people of the region were tired of confrontational, populist politics and wanted to try something new. Also, the balance of power in the region had shifted from the City to the County because the County had deeper resources - this gave added incentive to find solutions and policies in which county voters could invest. Cleveland Tomorrow could not have succeeded without this new political center.

- *Designing Sports Venues and Entertainment Centers*

The development of the various civic and cultural icons in Cleveland are reflecting the new urban entertainment paradigm. Once upon a time fans at a baseball game could be found scribbling away with pencils after every out, taking score and confirming the results with others between innings. The game was the focus of their attention. Today, the game is but one aspect of attending a sporting event. Half-time shows, high quality sound systems, digital video boards and interactive games coupled with at your seat gourmet food and beverage service is now an essential component of the modern sporting event.

Both Gund Arena and Jacobs Field are part of the new paradigm in sports where entertainment is as important as the game on the field. This phenomenon represents an attempt for owners and developers to integrate state-of-the-art retailing, concessions, and interactive games where customers never leave the stadium. Customers enjoy a more festive atmosphere, are treated to gourmet foods beverages, all the while spending lavishly on both tickets to the event and all the

amenities once inside to the benefit of retailers, restaurants, concessioners as well as owners and developers.

Jacob's Field at the Gateway sports complex shows many of the same traits in its design philosophy as its neighbor, Gund Arena. There is a heavy focus on urban entertainment at Jacobs Field and a significant effort was made to present Jacobs Field as a cultural landmark in Cleveland.

The design and function of Jacobs Field and Gund arena reflects another attempt by owners of sports franchises to integrate entertainment into the sports experience. And in celebrating the history of both the team and its connection to the area, sports franchises are now part of the landscape of cultural icons. Where culture once implied the performing and visual arts, contemporary American culture is now closely linked to sports franchises, their history and their venues.

There is an ongoing public debate on whether huge public investments can be economically justified. This question is beyond the scope of this paper, however, little debate can exist as to whether or not cultural icons anchor retail and entertainment establishments. When the Gateway plan was initiated by Mayor White, it was not designed as a sports specific development. White's idea was to construct both Jacob's Field and Gund Arena in an attempt to create a twelve-month entertainment complex in downtown Cleveland. Instead of simply building a stadium to keep the Indians in Cleveland, the Gateway was to be an economic development tool, through the creation of an entertainment center, with events every month of

the year. Despite drastic cost over runs, that is exactly what has happened in downtown Cleveland.

Success Indicators

- **Leisure Amenities**

A 1994 report which detailed the extent of the economic transition by the Citizen's League of Greater Cleveland, ranked Cleveland number one in amenities composed of measures of cultural opportunities and leisure activities.³⁹ Three reports made available in 1994 detailed the extent of the economic transition: one by the Citizen's League of Greater Cleveland

- **Heightened Civic Pride**

An important indicator of success in the development of entertainment areas is the psychological impact these centers have on the residents and visitors to Cleveland. This can be seen in an interview with the owner of the Cleveland Cavaliers, Gordon Gund, who was instrumental in the development of Gund Arena. "For us, the excitement of fans and patrons cannot begin just when they get in their seats. It begins when they enter the city and ends when they leave it....Gund Arena is part of a tapestry of things in Cleveland that have a lot of synergy. The arena. The

³⁹ Citizen' League Report 1994

downtown hotels. The Rock and Roll Hall of Fame. A lot of things that haven't happened by coincidence are building a momentum for the city. We've just scratched the surface.”⁴⁰

Q.: “How do you think the arena will go into the Cleveland history books?” Gund: “If you have a family that can go to a facility and see entertainment like you've never seen before, you have pride. As we've planned the arena, we've not thought that it's for us but thought of planning it so we'll be proud of it and all of northeastern Ohio will feel proud of it. That pride does an awful lot. That synergy in the way people perceive the area is felt far beyond here. Cleveland has come through difficult times. It demonstrates to the country what people can do when they get together to work for a common goal and get creative. I already see it as I go around the country.”

- *Tourist Destination*

In Cleveland's case, they have been very successful in creating a world class tourist destination. Cleveland attracted 8.5 million visitors in 1996, up 43% from 1994, according to Glen Shumate, vice president of tourism development for the Convention & Visitors Bureau of Greater Cleveland. When the bureau counted visitors again at the end of 1998, Cleveland had attracted 10 million to 11 million travelers.⁴¹ Cleveland and Northeast Ohio account for about 40% of the visitors to Ohio. The tourism and hospitality industry now employs about 85,000 in Cuyahoga County, making it the second-largest industry in the county after manufacturing.

⁴⁰ Crain's Cleveland Business, Interview with Gordon Gund 6/8/1994

⁴¹ Crain's Cleveland Business

The power of cultural attractions is extremely significant in attracting corporate visitors. The Great Lakes Science Center, for example, uses its unique, futuristic setting as an enticement to get corporate groups from out of town - as well as those in town - to schedule meetings and social events in Cleveland. For instance, the accounting and consulting giant, Arthur Andersen, recently scheduled a three-day event in which key Midwest executives incorporated the science center's hands-on exhibits into unorthodox training exercises. The center also has made a push for the regional tourist market by adding attractions such as the Omnimax film center; the Liquid Vision exhibit of lasers and holograms, and the permanent Virtual Hoops exhibit, in which visitors play a virtual reality basketball game. "Most of our visitors are from within a two-hour drive (of Cleveland), so it's important to provide new attractions that make people want to return."⁴²

- Universal Recognition

Large cultural institutions also attract national events in addition to regular tourist traffic. Most tourist seasons pale to the tourist frenzy generated by the city playing host to baseball's All-Star game in July of 1997. The baseball All-Star Game hoopla included the Pinnacle All-Star FanFest, a five-day pre-game event commencing July 4 at the Cleveland Convention Center. It attracted about 80,000 visitors, 20% of whom were out-of-towners.⁴³

⁴² ibid

⁴³ Crain's Cleveland Business 6/4/97

- Retail Success

In identifying the critical success indicators of an urban entertainment district, the retailers and restaurants are a good gauge to measure the success of the area in attracting patrons. This is based on the simple notion that where there are customers, there will be restaurants and retail shops. This is based on a ‘build it and they will come’ philosophy where the success of a commercial area can be measured on the surface by the success of the ancillary establishments that crop up around museums and stadiums. These establishments also reflect the changing face of retailing and the entertainment focused restaurants as a wave of specialty shops and themed bars and restaurants are showing themselves in close proximity to cultural attractions. One of the major success indicators in this paper is the effect traffic generators such as stadiums and museums have upon smaller retail establishments. Significant to the vibrancy of a downtown are the smaller retailers and establishments that make up the ‘neighborhood’. We accessed interviews with several small restaurant owners and retailers who are located near the cultural attractions in Cleveland, in trying to ascertain whether these institutions are important in generating business. The results indicate an overwhelming positive response.

The Flats is a former industrial/commercial center located adjacent to the Rock and Roll Hall of Fame which has been redeveloped. It is now an attraction dotted with night clubs, bars, and shops that feed off the commerce generated by the Rock and Roll Hall of Fame and the Great Lakes Science Center. With the early season rock galas often followed by a steady stream of conventions and tourists. Themed restaurants and bars have opened in abundance since the Rock Hall’s opening in 1995 to take advantage of the crowds that now frequent the area.

The development of the North Coast Harbor site initiated a flurry of retail and restaurant activity before it even opened in 1995. Museum construction at North Coast Harbor already injected new blood into the nearby neighborhoods. On Nov. 29, 1994, Steve Svrga opened the Downtown Tap House in a previously vacant space. Mr. Svrga said he wouldn't have considered opening what he calls a downtown version of a neighborhood restaurant and bar without the promise of tourists visiting the Rock Hall.

Thomas Yablonsky, director of downtown development for the Greater Cleveland Growth Association, identified six proposals downtown, to take advantage of the Rock and Roll Hall of Fame opening in 1995. Mr. Yablonsky said most prospective businesses calling him were interested in ground-floor space for restaurants. He had calls from three groups that want to open rock-related restaurants or stores. Clearly, the opening of a major cultural icon has a strong affect on the retail mix of tenants that are in locations poised to take advantage of patrons to the Rock Hall.

The Rock Hall has also affected more traditional retail venues such as the Galleria shopping mall, which sits up the hill from the museum. William Fullington, spokesman for the Richard E. Jacobs Group, owner of The Galleria, said the Rock Hall has invigorated the mall's leasing effort and "gives us a potent selling tool." Mr. Fullington said Rock Hall's presence played a part in the expansion plans of at least two tenants - Ann Taylor, which doubled the size of its store, and Franklin Quest, which moved into a space 25% larger.

At the Gateway downtown, retailers are seeing similar results in the development of retail and restaurant activity. Tower City Center, the downtown mall owned by Forest City Enterprises Inc., also hopes to capitalize on Gateway. For starters, it spent \$100,000 to redecorate its food concession area with sports symbols connected to the baseball, basketball and hockey being played at Gateway. Tower City also offers entertainment ranging from mimes to singers before games on weekdays and before and after games on weekends. “There is a lot of downtown excitement from this project, which we want to be a part of. When people are coming downtown for the first time in a long time, we want to try to attract them.”⁴⁴ The upscale mall also conducts a television, radio and billboard campaign to accent Tower City's new walkway, connecting it with Gateway.

The development around Gateway is impressive in light of what existed before the complex was built. It was not long ago that the only establishment downtown was the Theatrical Restaurant. When Jacobs Field and Gund Arena opened in 1994, they served as a huge catalyst for retailers and restaurants downtown. “Development in the area is getting more aggressive,”⁴⁵ said Thomas Yablonsky. He calculated \$40 million in construction is under way or has been completed since 1994 in projects larger than \$50,000. Projects totaling \$120 million more are planned. The most evident change is the development of restaurants and bars. Since 1994, more than a dozen restaurants have opened in the Gateway area or have been proposed.

In addition to the restaurants that have opened to cater to Gateway crowds, since construction was launched in 1990, specialty themed shops have also cropped up near the Gateway complex.

⁴⁴ Crain's Cleveland Business 7/18/95

⁴⁵ Crain's Cleveland Business,

One business that took an early spot near Gateway by opening its doors just before the opening of Jacobs Field in 1994 has expanded as a result of the success of Gateway. Outta The Park, a sports apparel souvenir and memorabilia has more than doubled its size since opening in 1994. The store has grown to 3,800 square feet from 1,600 square feet and incorporates two more storefronts in the process. The optimism of retailers such as Egan has spread through the neighborhood. "Now people believe," said Richard Sheehan, retail and properties redevelopment specialist at Grubb & Ellis, who has worked the Gateway area hard for five years since its opening. Before Jacobs Field opened, people couldn't conceive how the area would function. Now, the steady flow of people from Gateway events and massive investments in street improvements are wooing more investment "Businesses are less afraid of being an island."

An economic report produced by Cleveland State University economist Ziona Austrian confirms the anecdotal data presented earlier. Several businesses experienced direct growth from the Gateway project. In large part these businesses serve the visitors in the form of general merchandise stores, apparel and accessory stores, eating and drinking establishments, and amusement and recreation businesses. Data on these businesses was compiled by Austrian. Employment in Gateway's sports related industries grew as a group by 22.6% from 1992-1995 (this is referenced by Austrian as the post Gateway period). Most of the job growth occurred in the amusement and recreation industry, especially in sports clubs where employment grew by 278% to over 1500 workers. The number of eating and drinking establishments also grew 17% during this period. It should also be noted that in the years following 1995, eating and drinking

establishments have flourished. In 1996 alone, 13 restaurants were opened in the Gateway area occupying more than 100,000 square feet.⁴⁶

- *Economic Development*

From 1980 to 1996 building construction contracts in downtown Cleveland totaled about \$3.7 billion in 1994 real dollars. Nearly 60 percent of this amount was invested in buildings that were dedicated to office and retail activities and 21 percent was invested in entertainment or visitor attractions. Another indicator of the rebound of Cleveland's downtown is the real (inflation adjusted) increase in property values. The real value of private property holdings in 1979 was \$1.286 billion in 1994 dollars. The value in 1990 was \$2.7 billion.⁴⁷

Lessons

Could these projects have succeeded without the public's participation? It is highly unlikely that Gateway could have been built with only private participation due to the fierce inter-city competition for sports franchises, and the Rock Hall certainly could only have worked with public money. The real issue at hand is whether or not these specific development projects would have taken place without the public subsidies and whether they were in fact a critical success factor in these projects. Subsidies were clearly instrumental, but that is not to say these projects could not have been completed without subsidies.

⁴⁶ Austrian, Sports, Taxes and Stadiums

⁴⁷ Hill, Policy Lessons From Cleveland's Restructuring

Clearly, the most important factor in creating urban entertainment districts is how they are to be funded. We have stated up to this point that urban entertainment districts, as the case in Cleveland shows, need to be anchored by some sort of human traffic generator. Whether a museum, sporting event, or other destination, cities such as Cleveland have chosen to fund and construct large cultural attractions like the Rock Hall and Gateway to spur downtown commercial activity. In creating these attractions, Cleveland has shown that major civic institutions – government, business leaders, and non-profits need to work in collaboration to create the environment where projects can get built. An additional lesson to be taken away from this case study is that the driving force behind the Cleveland attractions was the private sector's commitment to the economic revitalization of the region.

Chapter 5: OTHER SUCCESS FACTORS AND INDICATORS

The purpose of this chapter is to present the remaining success factors that we identified during our research. Through analysis of the previous case studies and interviews with retailers, developers, and municipalities, we have identified additional success factors that we can apply to the new project referenced in the following chapter. These factors will be analyzed to assist in determining what components might be added in creating a model for the entertainment district of the future. Once the model is established, it will be applied to our case development in Salt Lake City to potentially assist the stakeholders in determining the current “success” status and what might be added to improve potential project success.

Developer Success Factors

- **Developer Flexibility**

In an interview conducted by the International Council of Shopping Centers, retailers commented that the most important attribute of a developer is flexibility. The developer needs to be more flexible in architectural design, economics of a leasing deal, and on a general note. The Landlord and Tenant must function as partners so that new ideas and concepts can be conceived which promise the customer a unique and entertaining experience. In this partnership, communication is important to evaluate positive and negative customer experiences. Flexibility

was also identified in the Faneuil Hall case as an important factor in solving administrative and logistical problems once an agreement was made in principal between Rouse and City Hall.⁴⁸

- *Local Developer*

It is more likely that the truly successful entertainment-based developments of the future will most likely come from local developers rather than the national brands. The reason for this is that national developers generally lack localized knowledge that relates to the community in which the development is to occur. The developer who understands the local market and its consumers is most likely to develop a project which is tailor made to the needs of the community. Additionally, some national developers lack sufficient creativity because of financial objectives that restrict tenant usage to AAA credit tenants and big boxes. This results in developments that create look-a-like experiences for the consumer causing them to turn to other venues for a more personalized experience. Disney executives have recently admitted that they have difficulty competing with locally owned and operated concepts because these concepts do not feel contrived and phony, but instead have a personalized touch that Disney can not replicate. Baltimore has seen several of its successful projects quarterbacked by local developers Cordish and Rouse.⁴⁹

⁴⁸ ICSC, Entertainment in Shopping Centers, pp. 34-35.

- Public Funding

As we have discussed in the prior case studies, public assistance is most critical to the success of downtown developments because of high land and infrastructure costs along with the immense costs and risks associated with designing an entertaining “sense of place.” We have seen both private sector and public initiatives serve as catalysts in the formation of these public-private initiatives. According to Michael B. Francois, the director of real estate for the New Jersey Economic Development Authority there has been an immense increase in public-private partnerships over the last several years. He states the following: “More private developers are becoming interested in pursuing these partnerships. Obviously, some of it has to do with certain tax advantages or economic development incentives.” Mr. Francois went on to say: “If you’re creative enough, you can minimize risks and pass on certain tax incentives to private investors.” In the past it was customary to pay the developer a fee for developing a particular area. Under the new public/private partnership format, the government, developers, and private capital investors share risks and rewards of a project.⁵⁰

Public-private partnerships were key success factors in the three case studies analyzed and appear to be necessary to cover the extensive costs associated with entertainment-based retail development. In an interview conducted with the retail REIT, Madison Marquette, the majority of new projects being developed by their company are being built with government subsidies or

⁴⁹ Ecklein Communications Inc. “Rational Entertainment,” pp. 1-2.

⁵⁰ Bradley C. Grogan. “Sharing Risks and Rewards,” pp. 45-49.

other public-private partnership arrangements. The Vice President of Leasing stated the following: “We must have subsidies to make these projects pencil.”⁵¹

- *On-Time, Within Budget Construction*

This is a developer success factor that is rarely mentioned, but its importance is paramount in the success of new developments. New retail developments are large in size and intricate in design which makes them more difficult to meticulously value engineer. New projects are not like malls built in the 60’s and 70’s that were essentially large retail boxes with little architectural pizzazz. Rather, they are large in scope and have costly design features in an effort to create a “sense of place.” The project architects and engineers must create beautiful places while being sensitive to design feature costs. Time is of the essence in constructing and delivering retail entertainment developments. The first reason for this is that space delivery dates are promised to tenants in lease negotiations. If these delivery dates are not met, financial penalties are assessed or lease cancellation may occur. If an entire project falls behind schedule and lease agreements are reliant upon specific dates, than an otherwise fully leased project may become vacant or be assessed serious financial penalties. Also, developer credibility with tenants is lost and it is unlikely that these tenants will engage in future deals with that particular developer. Staying within budget and meeting realistic scheduling hurdles can make or break the success of a development.⁵²

⁵¹ Interview: Susan Height.

⁵² Interview: Gateway Associates.

- *Design-Long Lasting, Create a “Sense of Place”*

As sophisticated and fanciful as entertainment retail and cultural attractions are built, the overriding importance in creating them has been community—a sense of place that reflects the warmth and social presence of belonging in an intimate and informal community setting.⁵³ This is evident in the design of new stadiums we have looked at as well as other entertainment attractions. In more prototypical Urban Entertainment Centers, the successes are more easily summed up in two distinct exit poll questions: Did you have a good time? Would you return for another visit? These are key questions because return attendance is essential to the success of these developments. These developments cannot survive with one-time visitors, as is the case with amusement parks and theme restaurants. There must be a subtle presence about the project or district which compels guests to return. Though this presence is not tangible, it provides an emotional component connecting guests to these projects and is known as “a sense of place.” A sense of place is created when the following occurs:

- The project provides a sense of safety and comfort as visitors move through it.
- The project temporarily enhances the guests quality of life.
- There is a sense of community, which provides shared spaces, such as courtyards and atriums in which citizens mingle.
- It is demographically friendly in that it appeals to males and females of all ages.
- There is enough excitement and interest to draw repeat customers.

These projects provide a sense of neutrality by creating a common social space. Additionally, creating a venue which has a personal identity and the intimacy of human scale is key in creating a sense of place.⁵⁴ A way to capitalize on this sense is to design projects that have a historical precedent, such as Faneuil Hall or Camden Station which help create a sense of wonder and curiosity. Other items that add to the sense of place are natural amenities such as lakes, rivers,

and beaches. San Antonio's Riverwalk is a perfect example of a district which has capitalized on this natural amenity to create a sense of place.

In an interview that we conducted with the General Manager of Kansas City's Country Club Plaza, the importance of architectural integrity was emphasized. This project was built with a Spanish theme because JC Nichols, the developer, was from Spanish descent. The General Manager stated the following: "We have the same stores as a regional mall, but we are able to attract people because of the excitement found in our architecture."⁵⁵ He went on to emphasize the importance of maintaining the architectural integrity of the project when locating tenants within the project. Instead of the tenants dictating what kind of signage and storefront to install, this needs to be closely scrutinized and decided by the developer.

Tasteful design, which is appropriate for the region, is key to the success of a project. Additionally, a project must function properly. Customers and tenants must be able to access spaces, and appropriate bay depths and store frontage must be provided. Without fundamental design which makes sense, the developer will have difficulty leasing the project and its long-term success is unlikely. This means that projects which have setbacks and corridor wings, like the malls of old, must be abandoned so that all square footage can be leased at premium rates.⁵⁶ For long-term success, developers must also constantly refurbish the interiors and renovate the design to maintain a fresh and contemporary environment. The items mentioned above are some design factors which developers must be conscious of when developing a new property.

⁵³ Ecklein Communications, Inc. Urban Entertainment Centers. p.1.

⁵⁴ Urban Entertainment Centers. p. 31.

⁵⁵ Interview: Glenn Stephenson

⁵⁶ Interview: Beth Bradford.

Retailer Success Factors

- **Entertainment vs. Traffic Generators**

During our research, there was a distinct difference between the type of retailer we interviewed. Larger national retailers answered questions about cultural attractions differently than smaller “mom and pop” operators. The larger organizations tended to downplay the significance of proximity to cultural attractions or other entertainment. Whereas the “mom and pop” operators indicated a proclivity to locate near entertainment attractions. The majority of the retailers interviewed, indicated that entertainment was not an important development characteristic to them in locating their stores. One of the top retail brokers in the country, who represents Tiffany, J. Crew, Coach, Brooks Brothers, Cole Hahn, along with six other national retailers indicated in interviews that entertainment is not important and more importantly, “is not proven.” They indicated that though entertainment may not detract from a development, it certainly cannot serve as an anchor tenant.⁵⁷

We would argue that though the upscale retailers claim that entertainment is not a factor in finding new locations, they have a misperception of the word “entertainment.” What do retailers think of when they hear the word “entertainment” in the context of new retail developments? It is interesting to note that they do not necessarily think of historical icons, museums, or stadiums and arenas. Instead, when entertainment is mentioned as a retail development characteristic, most retailers envision a shopping center with just a movie theater, a food court, a few restaurants, and perhaps a merry-go-round.

Though these retailers claim that entertainment is not critical, most of them did mention that they look for developments which are “traffic generators.” There is some inconsistency with their responses versus the actions we have seen in practice. For example, the Galleria in Cleveland, as was discussed in the earlier chapter was positively affected by the attractions and retailers adjusted their marketing efforts accordingly. As a matter of corporate policy, there may be no effort to locate near entertainment centers, but for all practical purposes the existence of attractions or “traffic generators” generally has positive ramifications for national as well as “mom and pop” retailers. National retailers are also extremely risk averse and thus were very non-committal in their responses to our inquiries about locating near entertainment facilities and attractions. Large national retailers, as a matter of corporate policy, have a proclivity to locate in more managed environments such as a traditional mall. National retailers also hold their location criteria ‘very close to their chest’. If their criteria were affected by an entertainment component, they were very reluctant to indicate as much in our interviews. However, whether they indicate or not, our research indicates that entertainment based retail as part of a larger entertainment district finds national retailers in abundance.

Theaters, Food Courts, and Restaurants – entertainment - should not be the only anchor of a new shopping district, but it certainly does not hurt as a component of a center, unless it cheapens the image sought. The reason many of the retailers don’t see entertainment as an important component is that people going to the movies and a restaurant rarely have time to additionally have a shopping experience.⁵⁷ Sure a theater and a few restaurants are not golden bullets, but

⁵⁷ Interview: Raymond Carew and Jeff Sinkey.

⁵⁸ Interview: Dianne Blagg.

what they do provide is traffic. People walking the project may see a store they did not know existed or a product which they will later come back to purchase. This gives people a reason to come back to shop the project later, thus generating traffic.⁵⁹

Melvin Simon, Chairman of Simon Property Group, spoke about entertainment in an interview with ICSC in which it became clear that the generation of traffic is really what matters, not necessarily what the entertainment element is. He said the following about the addition of entertainment to a shopping district: “We’ve found that sales in shopping centers have been flat; that people spend less time on the mall. We think that by the addition of entertainment and entertainment venues that they’ll spend longer in the mall, therefore they’ll spend more money and that will give us what we want, because the more exposure the merchants get, the better off they are.” Mr. Simon was then asked to define “entertainment.” His response indicated that traffic generators are really what he is after when he said the following: “Entertainment is anything that people can go to and have some pleasure, whether it be high-tech or low-tech, it will enhance the traffic.”⁶⁰ This view is consistent with our assertion that entertainment is in fact a critical success factor.

- *Understand the Customer and the Market*

Without a true understanding of whom the customer is and where that customer shops, it is difficult to successfully locate a store in the proper area. Thus, it is critical for the retailer to understand the lifestyle characteristics of the consumer who will shop within the new

⁵⁹ Interview: Beth Bradford

⁶⁰ ICSC. Forces Driving Urban Entertainment.

development. This entails more than a strict analysis of average incomes and age profiles, but gets into an understanding of spending patterns and preferences for that region.⁶¹ Upper-end retailers need to be located in densely populated, high-income locations while lower-end retailers are satisfied with locations in “C” and “D” grade regional malls.

An example of the need to understand the customer can be found as The Gateway project enters its early lease-up stages. All of the Gap concepts, The Gap, Gap Kids, Baby Gap, and Banana Republic were planning on locating within The Gateway project originally. Because construction completion is two years away and all were anxious to open within the next year, they may locate in a nearby Regional Mall. Concurrently, Abercrombie & Fitch had already signed a letter of intent to locate within The Gateway project. When they discovered that The Gap might locate elsewhere they became unsure about their decision. When asked by a leasing consultant why they were considering the mall location and what their strategy was, they stated that they wanted to be near The Gap and near Temple Square, which is the number one tourist attraction in Utah. When Abercrombie & Fitch was asked whether their target customer was visiting Temple Square they replied, “no, not really.”⁶²

In an interview we conducted with Beth Bradford, a leasing consultant and owner of The Foy Bradford Company, who has had extensive experience in leasing Tyson’s Galleria in Washington D.C. along with Fashion Island in Newport Beach, stated the following regarding the Abercrombie & Fitch scenario in Salt Lake City. “Understanding who your customer is and where your customer is shopping is more important than being located across the street from the

⁶¹ Interview: Subha Ramesh.

⁶² Interview: Beth Bradford.

number one site attraction in Utah.” No matter how many people visit an attraction or adjacent stores, it is insignificant if those people are not your target customers and are not going to shop your store.⁶³

Often times the retailer’s real estate representatives do not have a clear understanding of the customer so they feel safety in locating around other well-known retailers. This phenomenon can be explained as the “lemming effect” which means that once a few retailers make the decision to locate in a development, others likewise follow blindly. Because of this effect, there has been a recent shift in how retailers handle their real estate needs. Victoria’s Secret, The Gap, Banana Republic, The Limited, and others have established a system in which the merchant’s real estate people are accountable to the merchant’s market researcher. This is a step that The Gap took years ago, and this customer understanding is what has made The Gap the top retailer in the world. Bradford continued saying, “I think in order for tenants to be successful going into the millenium, they need to understand who the customer is. It’s not just stats on paper, it’s understanding the psychographics of who those people are.”⁶⁴

- Co-Tenancy

As we questioned retailers about their location criterion, the existence of strong co-tenancy was the most frequently mentioned criterion. Co-Tenancy is the conglomeration of several retailers that complement each other so that tenant synergies are created and higher sales per square foot

⁶³ Interview: Beth Bradford.

⁶⁴ Interview: Beth Bradford.

occur.⁶⁵ Retailers locate among other similar retailers to create a favorable destination from which all stores feed off of one another and thus benefit. There are many examples of co-tenancy in which tenants with similar products and price points locate among each other. The Sharper Image, for example, sells products which are clearly bought with disposable income, thus they like to be located in shopping destinations which have stores with higher price points.⁶⁶ Similarly, Tiffany is not going to want to be located next to a lower-end clothing store, rather they want to be located where the upper-end customer is shopping.⁶⁷

Though strategic co-tenancy is a critical success factor in retailer success, this is also a concept that is critical for the developer to understand in order to be successful. Because of the developer's role as the "gatekeeper" to the project, proper control of the tenant mix is key to the long-term success of a project. By properly locating stores with strong co-tenancy synergies are created and sales per square foot are likely increased.

- *Design Elements*

Although design was mentioned throughout the earlier chapters as well as this chapter, under developer critical success factors, this is a retail success factor, though in a different manner. Retailers are less concerned with creating a "sense of place", though that is important, and more concerned with functionality of the space. Visibility and proximity to the main flow of traffic are key elements considered by the retailers we interviewed.⁶⁸ Tenants need to be located such

⁶⁵ Interview: Raymond Carew.

⁶⁶ Interview: Amy R. Kennon.

⁶⁷ Interview: Raymond Carew

⁶⁸ Interview: Brian Cannard.

that they can build a prototypical store with proper linear frontage and that their positions are not hidden by columns, shadows, or other design impediments. According to a leasing consultant whom we interviewed, many tenants who previously required immense store frontage are learning that bigger is not necessarily better. By having less linear frontage, a tenant can be more unique and interesting. Less frontage requires retailers to be more creative, similar to the shops of Milan or Florence which have unique design features such as stained glass windows. Functional design along with a “sense of place”, which will attract people back to the project, are crucial to project and retailer success.⁶⁹

- Access/Parking

This success factor may seem trivial in nature, but is critical to the success of new entertainment-based retail developments, particularly in locations where public transit is not accessible. This was one of the top five success factors mentioned by Edward’s Cinemas, REI, Victoria’s Secret, Bath and Body Works, The Limited, and a restaurant firm named American Hospitality Concepts, Inc. in our interviews. Depending on the public transportation arrangement the ratios range between one to five stalls per 1,000 square feet. Ease of access to the center by automobile and the ability to park once at the center are critical to the success of a development.

Municipality Success Indicators

Properly designed and successfully operated, retail entertainment districts have become magnets for increased downtown shopping traffic, an expanded retail tax base and an invigorated night

⁶⁹ Interview: Beth Bradford.

time attendance for evening entertainment activities. There are several steps which a municipality must take and several objectives that the project must fulfill to generate a successful retail corridor.

- *Tax Generation*

What would seem to be the most obvious indicator of a successful project is the project's ability to generate tax dollars for the municipality. Of all of the success factors established by municipalities, this is the only one that can be directly measured. It is measured based on the sales tax revenues and property tax revenues that a project generates for the municipality. The economic success of a project from the municipality's viewpoint is determined by tax revenues.⁷⁰

- *Eliminate Blight*

The mission of most redevelopment agencies and municipalities is to eliminate blight and revitalize an area with a new development in which they have immense pride. In an interview with the Executive Director of a large city's redevelopment agency, this is the ultimate goal of the RDA.⁷¹ There has been a recent drive to revitalize blighted downtowns, creating remarkable development opportunities. Governments have recognized the essential nature of a vital downtown and its impact on the economic health of the entire region and they have thus become actively involved in resuscitating America's cities. Both legislative and economic actions have been taken in an effort to raise property values and thus taxes, decrease crime, improve civic

⁷⁰ Interview: Alice Steiner.

⁷¹ Interview: Alice Steiner.

image, and attract tourists. Several mechanisms are used to help accomplish the goal of eliminating blight in downtown areas. Through a combination of cash contributions, financing aid, tax abatements, zoning and building code variances, and improvement of infrastructure this is accomplished.⁷²

In evaluating what uses are most attractive in urban locations, development of leisure time destinations seem to be the most appealing to municipalities. This allows cities to maintain and transform buildings which have symbolic historical and cultural value while attracting tourists, business travelers and pedestrian traffic alike. The emphasis of these leisure destinations emphasizes the arts and entertainment; dining and retail amenities; and special venues like convention centers, stadiums, and sports arenas. Revitalization helps eliminate blight and adds an incalculable value to a downtown. These developments can serve as anchors and provide consumers a “nearby getaway” with much more of an exotic experience than the homogenous nature of suburban malls.

The success of a new development from the municipality’s perspective runs much deeper than whether the project produces tax revenues and eliminates blight. Blighted areas may be eliminated and replaced with industrial buildings, but does this really accomplish the city’s objectives? Public sector success considers whether the final product benefits the community and whether the public feels that it is an appropriate use for the area. Ultimately, the question to be answered is whether this is a project that the redevelopment agency and municipality are “proud

⁷² Chris Knudson. “Memphis Moves.”

of.” According to the RDA Executive Director interviewed, the Lithmus Test is as follows: “Is it what we initially envisioned and wanted?”⁷³

- *Job Creation*

A by-product of new retail developments, which is not often mentioned, is the creation of jobs. If a new development is successful, it not only generates tax dollars and eliminates blight, but it also produces several new employment opportunities. These employment opportunities stretch beyond minimum wage positions to full-time managerial, maintenance, security, and other related positions. These jobs infuse money into the local economy, and thus have a positive effect on the entire region. The ability of a project to successfully create jobs is a significant item that municipalities seek to accomplish in new development.⁷⁴

Municipality Success Factors

- *RDA Acquisition/ Subsidies*

Without subsidies provided the municipality, many of these projects would not produce sufficient enough returns to be built. Several of these projects come about as a part of a strategic masterplan from the municipality where the municipality initiates the first step toward development of a project by assembling and acquiring land. Land will often be purchased and then sold to developers at a below market price to act as a catalyst in redeveloping an area.

⁷³ Interview: Alice Steiner.

⁷⁴ Interview: Alice Steiner.

Other incentives offered by municipalities are tax credits, special improvement district financing, and assistance in constructing public improvements associated with the development. When we asked an RDA Executive Director how the RDA determines when to hand out subsidies, her response was the following: “We determine whether the project provides public benefit and if it really needs public assistance in order to be built. If it is a project that we feel would be built anyhow, then we do not provide assistance.”⁷⁵

Lessons

As mentioned in the introduction, the purpose of this chapter was to look to other sources outside of the three case studies analyzed to establish success factors for new retail-anchored development. The above-mentioned success factors were derived from a series of interviews conducted with retailers, developers, and governmental agencies. In some cases these interviews overlapped the success factors which were established from the case studies and at other times items were mentioned which were not brought to the surface within the case studies. By and large, the results were consistent.

⁷⁵ Interview: Alice Steiner.

Chapter 6: CONCLUSION

Application of the Success Model to Salt Lake City

The success factors identified in each of the case chapters and chapter five present a list of all the potential ingredients for success which we have identified. This chapter's purpose is to identify an urban area of the size and scope of our case cities and superimpose those success factors we feel necessary for the development of a comprehensive downtown entertainment district.

Overview/Background

Salt Lake City, Utah is a major regional center of commerce in the Western United States. With the exception of Denver, Colorado, Salt Lake City is the commercial epicenter of the Mountain Region. With a population of nearly 2.3 million and a 3-4% area growth rate, Salt Lake City is a burgeoning metropolitan area. What Salt Lake City has experienced over the last decade has been a gradual transformation from a transportation crossroad hub and seasonal tourist economy into a high technology incubator with such industry headquarters as Novell, Iomega, and Tenfold as well as 2,000 other smaller high tech firms. With a high technology economic base, a highly educated population, four national universities located within 40 minutes of the city, and world class geographical amenities, Salt Lake City is the prototype American city of the future.

We have identified several success factors which we believe will contribute to creating a vibrant retail and cultural center in the heart of the downtown. We have identified a project still in its planning stage, The Gateway, a proposed \$300 million dollar, 2.5 million square foot mixed-use

development to be located in the heart of downtown Salt Lake City. It is essentially a 21st Century festival marketplace and entertainment center that incorporates several new cultural destinations on three outdoor blocks, centered around the historic Union Pacific Station. The Gateway will be a pedestrian-oriented project that will be anchored by 675,000 square feet of retail and entertainment space complete with themed retailers such as the successful ESPN Zone, that has attracted millions of visitors in Baltimore. The development will also be made up of a 16-screen multiplex theater, restaurants, nightclubs, and experiential retail. In addition to the retail and entertainment space, the project will also consist of approximately 90,000 square feet of cultural uses including The Children's Museum of Utah and the Hansen Planetarium. Other uses include 500,000 square feet of office space which will rise above the retail along the eastern side of the project with an expected 2,000 daily office workers, while 700 residential units are planned for the western side. Also, a 300-room upscale hotel is planned adjacent to the project's central plaza and 4,000 parking spaces in five covered structures.

The Gateway has the makings of an urban entertainment center, a regional mall, and "main street" shopping, but can not be clearly defined as any one of these. Like our case cities, downtown Salt Lake City is an urban district which is being redeveloped as a natural expansion of an existing downtown area. The Gateway's unique design and function will be a part of a new evolution of the area. The goal of the project is "to bring people back downtown and make it fun." As we have seen in our case cities, the ingredients seem to be in place to create a unique sense of place anchored by large cultural attractions and leased with national retailers as well as smaller ancillary tenants.

Success Factors

- *Historical Icons*

Like our case cities in Boston and Baltimore, the Gateway will be developed on a site with significant historical value. The Gateway project will be built around the currently dilapidated Union Pacific Depot, a building which served as one of the first major railroad stations in the Western United States. By using the Depot as the main entrance to the project and having it spill out on the backside into an array of restaurants and the events plaza, a historical sense of place will be created. Like Faneuil Hall, The Gateway will create a “must see” tourist attraction in Salt Lake because of its historical significance and will create a nostalgia that will continue to draw locals and visitors alike.

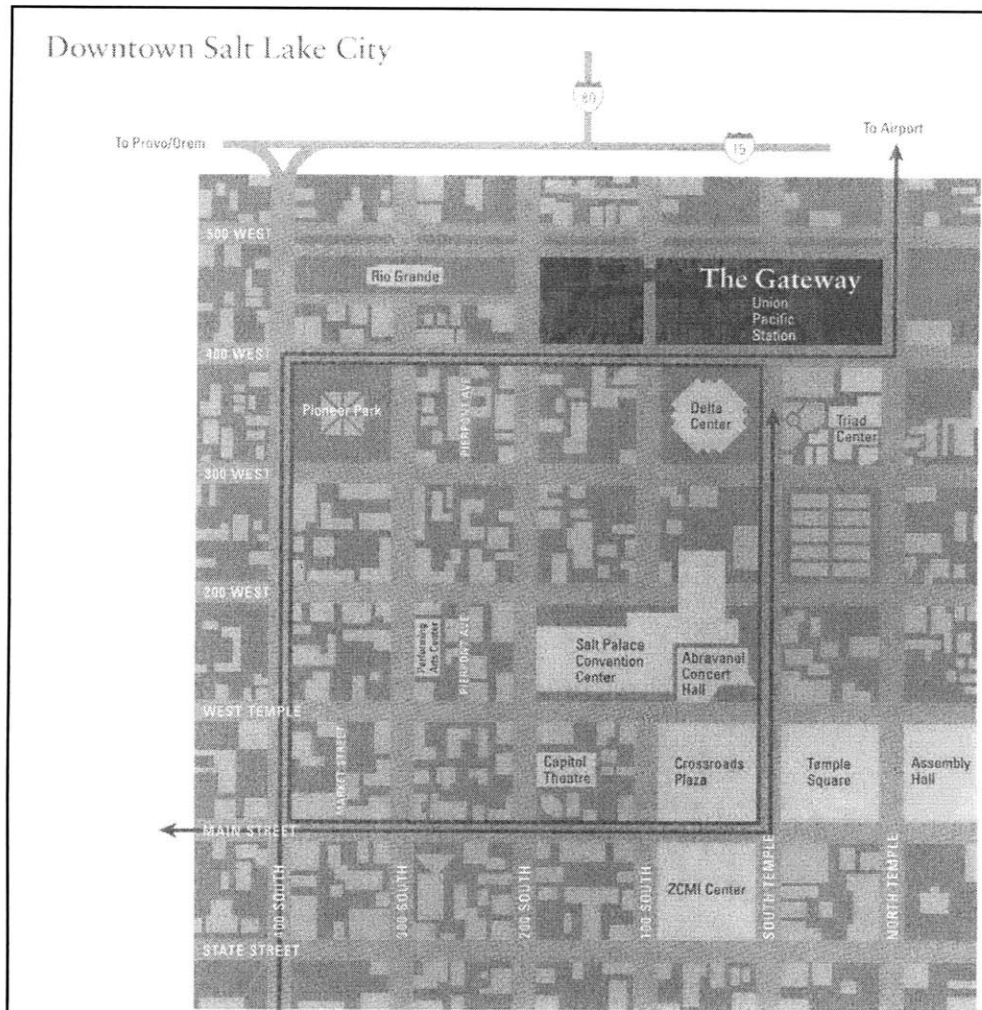
- *Cultural Icons*

As discussed in the case studies, cultural attractions that generate traffic are key to the success of retail developments. On May 6 of this year The Children’s Museum of Utah announced that it would relocate in The Gateway project. The museum receives over 100,000 visitors a year, and has outgrown its current 20,000 square foot facility. The museum will be located as a focal point of the project, above street retail. In addition to The Children’s Museum relocating within the project, the Hansen Planetarium will also locate within the Gateway. The traffic generated by these cultural attractions should be beneficial for the retailers and restaurants.

Three blocks from The Gateway Site is the state's number one tourist attraction, Temple Square, which attracts six million visitors per year. Within two blocks is the newly built Salt Palace Convention Center, which hosts 400 events per year and draws nearly 200,000 convention delegates annually. Other prestigious cultural institutions that are within a ten-minute walk are the Abravanel Concert Hall, home of the Utah Symphony with 200 events annually, attracting 300,000 people. Also, the Capitol Theater, home of Ballet West and the Utah Opera with another 200 performances annually, and drawing 250,000 people. We have seen cultural establishments like Playhouse Square succeed in attracting traffic to downtown Cleveland and Salt Lake's attractions should also be successful in doing the same.

- Arenas

As we have discussed throughout this paper, large municipalities throughout the country have been and continue to build sports stadiums and arenas with vigor. Boston, Seattle, Cleveland, San Antonio, to name a few have allocated countless millions of dollars in constructing these symbols to American culture in the 1990s. Salt Lake City too has built the 20,000 seat Delta Center adjacent to the Gateway site. Home to the NBA Utah Jazz, 1.7 million people attend over 100 events annually at this arena. There are currently very few restaurants and shopping districts close to the arena. As we have seen in our case cities, the Gateway will give people attending events at the Delta Center, a reason to stay in that area to eat, shop, and recreate. We also expect to see the Gateway itself have an effect on the adjacent parcels where a more organic urban streetscape can be developed as we have seen in Cleveland.



The Gateway Proximity to Arena and Cultural Icons

- **Tourism**

Tourism provides retailers and developers a greater base of potential consumers in addition to local residents. Utah boasts some of the greatest snow skiing in the world and Salt Lake is approximately 30-40 minutes away from eight major ski resorts. Over nine million tourists visit

the Salt Lake area every year, and they pump over \$2.5 billion dollars into the economy. One-third of all Utah's visiting skiers stay in downtown hotels. These tourists are likely to explore Salt Lake's cultural icons and because of The Gateway's proximity to these attractions it is probable that the project will derive benefit from them.

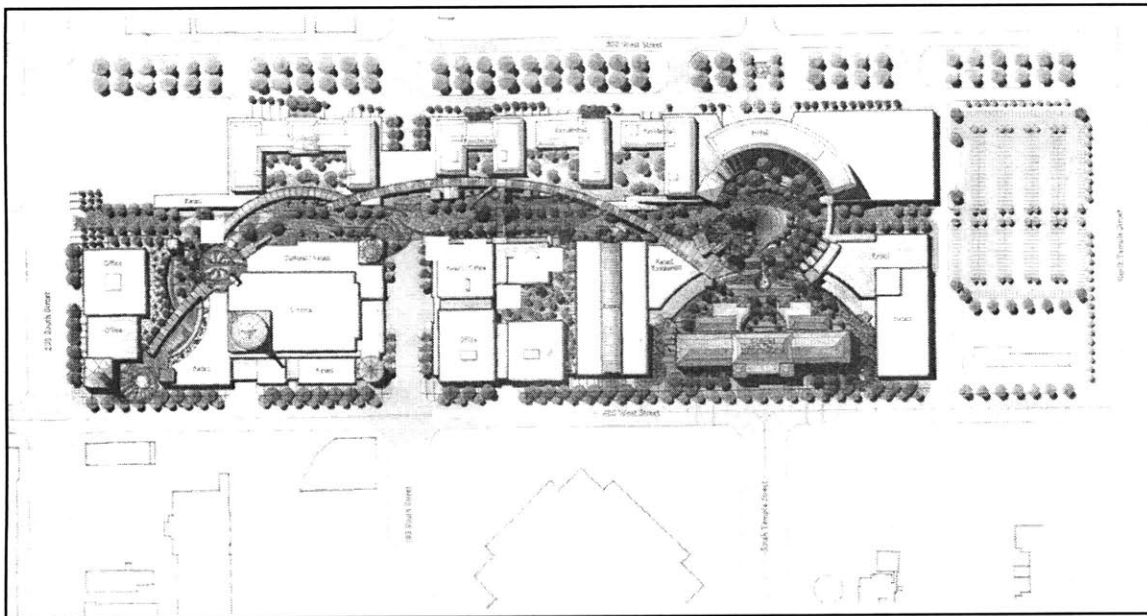
- 2002 Olympic Winter Games

The 2002 Olympic Winter Games will take place at venues throughout the Salt Lake City region. The heart of the Olympic activity will be in and around The Gateway. The Delta Center will host several major events, while nightly medal ceremonies are slated to take place just one block east. Gateway Associates recently announced the contribution to the Olympics of a water fountain to be built in the event plaza, replicating the Olympic snowflake. Also, a wall to honor all the Olympic medalists will be built adjacent to the fountain. These Olympic Contributions will become cultural icons in the future and will generate traffic within the project.

- Design

The Jerde Partnership, architects of The Gateway project, have had an interesting challenge of creating a project that appears to be an extension of an existing downtown and fits around the historical depot building, without feeling contrived. Their architecture firm specializes in creating conceptual masterplans for entertainment districts throughout the world, and they pioneered the development of "urban villages" such as Universal City Walk and Horton Plaza.

The design of The Gateway calls for a meandering street running through the center of the project with “main street” retail along both sides of the street. The project’s hub of activity will be in the main event’s plaza that will host performers and the Olympic fountain, synchronized to music. Through the use of brick and concrete, the primary building materials of downtown buildings, the development will appear to extend the downtown. The intent is to cause the buildings to appear as if they have been there for several years. Through the use of water features, color, pedestrian and automobile bridges, observation points, kiosks, hardscape features, and the plaza, The Gateway will hopefully create an amazing “sense of place.” The sense of excitement created through the design is fundamental in drawing customers to the project on an ongoing basis.



The Gateway Site Plan

- Local Developer/ Political Clout/Market Understanding

The parent of Gateway Associates is the largest developer in the State of Utah. As a local developer, they have a distinct understanding of the market that instills in them confidence that The Gateway project will be successful. Without political relationships, they may never have had the chance to develop the project and certainly would not have had the opportunity to fast track the approval process. Salt Lake's Mayor was confident in their ability to construct a project that would help revitalize downtown. Thus, she played a special role in insuring that the project was awarded to Gateway Associates and that approvals were granted within less than a year. Being locals, having a good track record with planners and politicians, and understanding the market played a critical role in Gateway Associates being selected as the developer of choice for The Gateway.

- Public /Private Partnerships

Redevelopment of The Gateway site was introduced to the developer by the Redevelopment Agency of Salt Lake City. Since that time, the developer, agency and municipality have worked together as a team to meet the objectives of all parties involved. The developer has worked closely together with the city to insure that design criterion are met and that the final project accomplishes the goals of the agency and municipality. Likewise, the municipality has been helpful to the developer in fast tracking approvals and building permits, and is providing public subsidies to assist with infrastructure costs. In addition to the public subsidies, the City of Salt Lake is assisting the developer in obtaining Special Improvement District financing for the

remainder of the infrastructure costs. What this provides the developer is the ability to finance portions of the project with financing at the municipality's interest rate, which is 200 to 300 basis points below prime rate. Also, weekly meetings are held together with the developer and the municipality to insure that there is no miscommunication between the two parties and to insure that the objectives of all parties are being met. Though the municipality does not experience direct profit sharing, the property tax and sales tax generated by this project are immense and greatly benefit the municipality financially. Without this informal public-private partnership between the developer and the municipality, this project would be very difficult to build. Obtaining approvals would have taken several years and the project would likely be economically unfeasible.

- *Public Subsidies*

Public assistance was paramount in Gateway Associates' decision to develop the project. Because of high infrastructure costs, including extending Rio Grande street through the project, burying power lines, environmental cleanup, renovation of the historical train depot, and creation of a public events plaza this project would not be feasible without subsidies from the redevelopment agency or the municipality. The Salt Lake Redevelopment Agency agreed to give the 40-acre development \$18.5 million in public subsidies. In exchange for construction of these improvements, the RDA will reimburse the company a portion of the additional property taxes collected from the complex over the next 20 years.

- Tenant Mix

The success of The Gateway project is largely dependent upon a well conceived tenant mix from the outset of the project. This will require Gateway Associates to cleverly assemble the proper mix of restaurants, retailers, and entertainment-related tenants from the project's conception. The developer has hired several leasing consultants to properly balance the retail mix within various nodes of the development. Several high quality tenants are in the process of signing leases and letters of intent to locate within the project. Once a core of the top-notch retailers commit to the project, the "lemming effect" described will take place. The project will suddenly be in high demand because retailers hear that Tiffany, J. Crew, or Abercrombie & Fitch have signed up and they don't want to miss a prime opportunity. The Gateway Associates have a keen awareness of the importance of proper tenant mix. Through leasing consultants who have successfully leased projects throughout the country they feel they are establishing a proper tenant mix for the project.

- Access/Transportation/Parking

A project's easy accessibility to its customer is critical in its success. The Gateway project will be easily accessible by both automobile and light rail. The project is a few blocks from the primary entrance to the I-15 and I-80 freeway and enjoys visibility from I-15, which is trafficked with 160,000 cars per day. Also, North Temple Street, a major east-west thoroughfare, with traffic of 30,000 cars daily, borders the project. The project will be capable of parking approximately 4,200 vehicles in its five covered parking structures. The cost to build these structures will be fully borne by the developer. A new light rail station will be built adjacent to

the property, carrying an estimated 15,000 riders annually and a second line will be built by 2001 which will link the project to the airport and the University of Utah. The Gateway's easy accessibility to tourists and locals will be fundamental to the project's success.

- *Risk Tolerance*

Like we saw with the Rouse Company's efforts at Faneuil Hall, Gateway Associates have assumed significant risk. They have already invested eight million dollars in equity before closing on the project's financing. Risk tolerance is a must in order to pull off a project of this magnitude. Because of the nature of the design and the reliance of all the parts of the project upon one another, the entire project must be built in its entirety from the outset. The developer must start immediately to deliver space to tenants by a pre-committed date. However, without several letters of intent and signed leases, banks are unwilling to fund construction on this large of a project.

Because time is of the essence, Gateway Associates has determined to commence construction without a loan commitment in place and fund the project internally for the first several months. An additional ten million will be used to construct the project through the first few months until the loan is closed. This is extremely risky because if the initial leasing effort is weak, financing will not be obtained and the project will be delayed with close to twenty million of equity invested. Every large project has a point where the developer must either take enormous risks or

pull out of the project. As was the case with Rouse with Faneuil Hall, Gateway Associates must too risk losing much of the company's equity to construct The Gateway.⁷⁶

Gateway Conclusion

The success factors established from the three case studies and from other chapters provided an outline from which to model the success of new entertainment-anchored retail development. Based on the success factors outlined, we would suggest that The Gateway appears to have all of the obvious makings of a successful development. All of the components of the theoretical model exist within The Gateway project and thus it is likely that the project will flourish.

The challenges of presenting a model of this type is to apply it to different regions whose goals, histories, and challenges are unique. Throughout this paper, we have tried to maintain some consistency in what factors we have identified and we have searched for similar success factors in each case city.

In attempting to create a model, we also looked at several smaller market cities and saw similar development patterns. It does seem that everyone is "getting in on the act". Of course, Baltimore is not alone in its spending on sports. It was just one of the first to adopt the strategy. Seattle is building new, domed homes for the Mariners and Seahawks that will cost \$760 million. Cleveland's new Jacobs Field and Gund Arena, and a Browns stadium scheduled to open next year, may end up costing \$600 million. Estimates for Cincinnati's two proposed stadiums are \$635 million. But sports complexes and the resulting entertainment districts are seemingly

⁷⁶ Interview: Gateway Associates (Entire Chapter)

worthwhile in other, more intangible ways as smaller secondary markets seek “big league status”. Newer cities such as Charlotte, N.C., Jacksonville, Florida., and Nashville, Tennessee., have spent on sports to gain “major league” status. It can be argued, however, that these cities represent growing metropolitan areas and are not really secondary cities.

But the trend seems to run even deeper. Smaller regional cities are investing in both sports and entertainment. They too are using sports and cultural venues as magnets to pull people back to their downtowns. Cities like Louisville, Kentucky and Lansing, Michigan are creating similar attractions albeit for a smaller market city.

In Louisville, the new Louisville Slugger Field will be a minor league baseball park home to the Class AAA Redbirds. The \$20 million, 12,000 seat stadium is being constructed on the banks of the Ohio River within one block of the city’s new waterfront park and is a key component to the city’s economic revitalization plan. There has been an effort by city planners, elected officials, and civic and business leaders to boost development. The lynchpin is an entertainment district anchored by the stadium as a key entertainment destination. The city has purchased surrounding parcels of land to provide business opportunities for retail and entertainment uses. The stadium’s entrance will be fashioned from a historic warehouse, built in 1839, which, when restored, will house a tram store, restaurants and other retail establishments. Sound familiar? It should, since Louisville is attempting to create a mini Camden Yards complete with restored warehouse

Lansing, Michigan completed its own minor-league stadium in 1996 and the resulting success of the facility has prompted a 2,200 seat expansion. The Lansing Lugnuts play to sold out

Oldsmobile Park nearly every night just two blocks from Michigan's state capitol. The \$12.7 million park is integral in the city's redevelopment plans which includes a riverwalk and Museum Drive. Lansing economic officials credit the stadium's construction with spurring an additional \$4 million in new development during the first 14 months following the stadium's completion. Restaurants and clubs have renovated previously abandoned or unused industrial space near the stadium. The stadium has had such an impact on Lansing that Oldsmobile Park was recognized by The Council for Urban Economic Development, which honored the city with the development award that recognizes the ballpark's impact on the community. The stadium is used not only for baseball but also for a host of other events including concerts, art fairs and other cultural attractions. In the winter the infield is even flooded for ice skating. The Lansing Board of Water and Light building is being renovated to house the Oldsmobile Visitor's Center, offices and other retail and commercial uses. A new performing arts center is also in the planning stage as part of the redevelopment.

This development phenomenon begs the question, "Is this a passing fad?" We have traced a pattern of development that spans nearly a quarter century where municipalities, developers and retailers have been searching for a way to create a unique sense of place with amenities that residents and visitors frequent. We contend that this development pattern is a slowly evolving trend which is reshaping America's downtowns. And although we have identified success factors throughout this paper, going forward there are some important trends that we would like to highlight. Throughout this paper we have identified expanding sets of non-competing cultural icons as the anchor for downtown developments. In constructing and managing these projects, the ability of the ownership entity to change its facility as the wants and desires of consumers

change over time is critical to the long-term success of these projects. This is particularly difficult with large fixed physical assets and a challenge perhaps not as much today as new facilities are built, but critical over a greater time horizon.

The lessons also tell us that it is important to provide new activities for citizens and visitors within our urban environment. Cultural attractions are only part of urban revitalization, but as we have shown, their effects can be profound on both the physical patterns of our cities as well as the psyche of the region. Cultural attractions and gathering places can continue to be successfully developed but all the stakeholders in the process, developers, public officials, businesses and residents must look to the lessons of the past to identify opportunity for the future.

BIBLIOGRAPHY

Background Material

- Allen, John B. "Front and Center: Entertainment is Retail's Hottest Ticket," Shopping Center World, June 1997, Lexis Nexis.
- Ammenheuser, Maura K. "Mixed-use waterfront project rises in Phoenix," Shopping Centers Today, May 1999, Volume 20, Issue 5, pp. 42-44.
- Austin, James E. "Business Leadership Lessons from the Cleveland Turnaround," California Management Review, Volume 41, No. 1, Fall 1998, pp. 86-106.
- Austin, James E. and Andrea L. Strimling. Building on Progress. Boston, MA: Harvard Business School Publishing, Revised November 30, 1996, Case Number: 9-769-152.
- Austin, James E. and Andrea L. Strimling. Responding to the Crisis. Boston, MA: Harvard Business School Publishing, Revised November 30, 1996, Case Number: 9-769-151.
- Austin, James. The Cleveland Turnaround (C): Facts and Figures. Boston, MA 02163, Harvard Business School Publishing, Case 9-796-153.
- Austrian, Ziona. "Cleveland's Gateway to the Future," Sports, Jobs, and Taxes, Brookings Press: 1997.
- Byram, Cala. "Groups want low-income housing considered for Gateway project," Deseret News, August 8, 1998.
- Carrns, Ann. "Malls Are Going Topless," Wall Street Journal, 1999.
- Cleveland Growth Association. The Economic Growth and Jobs Creation Challenge for the Greater Cleveland Growth Association-An Executive Summary. Cleveland, OH: Greater Cleveland Growth Association, 1995.
- Cleveland Tomorrow. Enhancing Our Economy Through Technology. Cleveland, OH: Cleveland Tomorrow, 1996.
- Cohen, Nancy. "Entertainment seen as key to mall survival," Shopping Centers Today, May 25, 1999, pp. 1-5.
- Dube, John. "Pioneer Place expansion gets under way," Shopping Centers Today, January 1999, pp. 15-20.
- Ecklein Communications Inc. "Rational Entertainment," The Entertainment Real Estate Report, June 1998, pp. 1-18.
- Ecklein Communications Inc. Urban Entertainment Centers & Festival Marketplaces. Ecklein Communications Inc., 1998.
- Edwards, Alan. "500 West site proposed for commuter rail hub," Deseret News, April 28, 1998.
- Edwards, Alan. "Blight is 4-letter word for some Gateway foes," Deseret News, September 25, 1998.
- Edwards, Alan. "Gateway approval imminent," Deseret News, June 16, 1999.
- Edwards, Alan. "Gateway Associates has grand plans for rail yard," Deseret News, May 8, 1998.
- Edwards, Alan. "I-15 renewal giving birth to Gateway," Deseret News, March 3, 1999.
- Edwards, Alan. "Key to Gateway Project Soon to see Renaissance," Deseret News, January 6, 1998.
- Edwards, Alan. "Proposed rail-yard project could end up under RDA," Deseret News, April 25, 1998.
- Edwards, Alan. "RDA board considers giving Gateway Associates funds for Gateway area," Deseret News, November 4, 1998.
- Edwards, Alan. "RDA creates 1st Gateway project," Deseret News, October 16, 1998.
- Edwards, Alan. "S.L. finalizes blueprint for Gateway," Deseret News, August 12, 1998.
- Edwards, Alan. "S.L. project won't detract from downtown, Gateway Associates says," Deseret News, April 30, 1998.
- Edwards, Alan. "S.L.'s Gateway is coming together-too quickly for some," Deseret News, March 10, 1998.
- Edwards, Alan. "Should planetarium move to Gateway or U. park site?," Deseret News, May 29, 1998.
- Edwards, Alan. "Utah's urban pulse on the street and behind the scenes, downtown S.L. is in transition," Deseret News, May 2, 1999.
- Edwards, Alan. "Will Gateway Drain Downtown?," Deseret News, June 5, 1998.
- Einhorn, Erin. "Sports Complexes Become Hot Building Topics in Philadelphia Area," Philadelphia Daily News, March 26, 1999, Lexis Nexis.
- Evans, Mariwyn. "Let Us Entertain You," Journal of Property Management, Vol. 64, No. 2, p. 54, Lexis Nexis.
- Fickes, Michael. "Double The Fun, Double The Business," Shopping Center World, September 1998, pp. 66-70.

Fickes, Michael. "That's Entertainment," Shopping Center World, January 1998, pp. e4-e15.

Fisher, Marlee and Donna Hahn. "Urban Entertainment in a Mediterranean Mood," Urban Land, February 1999, p. 27.

Frieden, Bernard J. and Lynne B. Sagalyn. Downtown, Inc: How America Rebuilds Cities. Cambridge, MA: MIT Press, 1989.

Genz, Michelle. "The Sunset Saga," Urban Land, February 1999, pp. 76-91.

Goldman, Melanie. "Denver Pavilions Will Add Excitement To An Already Booming Town," Shopping Center Business, May 1997, pp. 60-61.

Gordon, Jacques N. "The Strength of CBDs," Wharton Real Estate Review, Vol. 1, No. 2, Fall 1997, pp. 23-31.

Grogan, Bradley C. "Revved Up," Urban Land, February 1999, pp. 30-93.

Grogan, Bradley C. "Sharing Risks and Rewards," Urban Land, February 1999, pp. 44-109.

Gubernick, Lisa. "The New VIP Rooms," Wall Street Journal, December 11, 1998, Section W.

Hill, Edward W. Policy Lessons from Cleveland's Economic Restructuring and the Accompanying Case Study. Cleveland State University, February 1997.

Hovey, Juan. "Entertaining Land Use," Urban Land, February 1999, pp. 41-98.

ICSC. Forces Driving Urban Entertainment. 1998.

International Council of Shopping Centers. Entertainment in Shopping Centers. ICSC Publications Department, 1998.

Jarvik, Elaine. "Shaping the City," Deseret News, June 14, 1998.

Kelly, Thomas. "How The Rock Was Won," Cleveland, August 1998, pp. 62-171

Kelly, Thomas. "How The Rock Was Won," Cleveland, September 1998, pp. 73-193.

Knudson, Chris. "Memphis Moves," Urban Land, February 1999, pp. 56-103.

Mander, Edmund. "Pacific Place to bring top-shelf retail to Seattle," Shopping Centers Today, September 1998, pp. 22-24.

Martin, Christopher C. and Richard W. Thompson. "L.A. Pieces," Urban Land, February 1999, pp. 50-102.

McCloud, John. "U.S. shopping centers thrive as hubs of entertainment," National Real Estate Investor, May 1999, pp. 42-55.

McNair, Jeffrey. "Retail Entertainment," Urban Land, February 1999, pp. 34-95.

Miller, Phil. "Planetarium Stars in Location Debate," Salt Lake Tribune, July 7, 1999.

Minton, Eric. "For your amusement: what the entertainment industry is doing for places large and small," American Planning Association, Vol. 64, No. 9, September 1998, Lexis Nexis.

Palmer, Douglas D. "Children's Museum plans a move to The Gateway," Deseret News, May 6, 1998.

Pine, Joseph and James H. Gilmore. "Welcome to the Experience Economy," Harvard Business Review, July-August 1998, pp. 97-105.

SCT Staff. "Maryland's Road to Smart Growth," Shopping Centers Today, May 1999, Volume 20, Issue 5, pp. 195-204.

Shanaberger, Matt. "Retailing at Entertainment Centers: The Formula Emerges," Advisory, Fall/Winter 1998, pp. 3-4.

Sicard, Allyson H. "Retail & Entertainment: A Family Affair," Shopping Center World, August 1997, Lexis Nexis.

Thompson, Linda. "U.S. Shopping Centers Reinventing Themselves," Deseret News, March 1, 1999.

Walsh, Rebecca. "Children's Museum Moving to Gateway," Salt Lake Tribune, May 6, 1999.

Walsh, Rebecca. "Corradini: Momentum Will Carry Gateway," Salt Lake Tribune, March 28, 1999.

Walsh, Rebecca. "Developers Line Up for Gateway Money," Salt Lake Tribune, September 18, 1998.

Walsh, Rebecca. "Gateway Associates have plans for SL Gateway," Salt Lake Tribune, January 26, 1998.

Walsh, Rebecca. "Gateway Brings Hope, Heartburn," Salt Lake Tribune, April 12, 1998.

Walsh, Rebecca. "Gateway Master Plan: Mosaic of Contrasts," Salt Lake Tribune, August 8, 1998.

Walsh, Rebecca. "GROWTH; Visions of the future, gruesome and grand; Salt Lake City: Gateway project shows promise," Salt Lake Tribune, May 5, 1998.

Walsh, Rebecca. "Rail Depot Becomes Hot Potato in Gateway Redevelopment Plan," Salt Lake Tribune, December 7, 1998.

Walsh, Rebecca. "RDA Promises \$18.5 Million for Gateway Project," Salt Lake Tribune, November 20, 1998.

Walsh, Rebecca. "S.L. Gateway: Is Coming Into Focus," Salt Lake Tribune, May 7, 1998.

Walsh, Rebecca. "State Will Study Fate of Historic Train Depots," Salt Lake Tribune, January 30, 1998.

Walsh, Rebecca. "Village Coming to S.L.," Salt Lake Tribune, May 9, 1998.

"Cleveland City Finances, 1984-1988," Citizens League of Greater Cleveland, October 1989, pp. 1-14.

"Gateway Associates to receive \$18.5 million subsidy for Gateway project," Deseret News, November 20, 1998.
 "Go forward on Gateway Project," Deseret News, March 13, 1998.
 "Kansas City Jazz," Urban Land, February 1999, pp. 62-65.
 "Mega-Complexes Becoming Popular, Venue Convergence Should Continue," Amusement Business, Vol. 10, No. 1, p.10, Lexis Nexis.
 "Play Centers Dress Up Downtowns," Globe & Mail, p. b1, Lexis Nexis.
 "Playing the Game in their own Back Yard," Hollywood Reporter, Vol. VCCCLV, No. 15, p. 9, Lexis Nexis.
 "Put the planetarium downtown," Deseret News, June 16, 1998.
 "Shopping Malls Learn Customers Want Fun, Not Just Products," San Jose Mercury News, 951218, Lexis Nexis.
 "The Changing Face of Retailing," Financial Times Survey Edition, p. 2, Lexis Nexis.
 "UEDs Are Busting Out All Over," Real Estate Forum, May 1999, pp. 90-96.

Interviews

Retailers

Richard A. Lawrence, Executive Vice President, Resort Theaters of America, L.A., California, 6/05/99
 Jeff Sinkey, Vice President of Real Estate, Abercrombie & Fitch, Columbus, Ohio, 6/14/99
 Amy R. Kennon, Real Estate Manager, The Sharper Image, San Francisco, California, 6/15/99
 Raymond Carew, Partner, Gervais, Carew, and Dick (Tenant representative for Tiffany, J. Crew, Coach, Brooks Brothers, Museum Company, Cole Hahn, Yankee Candle, J. Jill.), N.Y., N.Y., 6/20/99
 Brian Cannard, Vice President of Real Estate, REI, Seattle, WA, 6/29/99
 Ben Kenney, Director of Real Estate, American Hospitality Concepts, Inc., Boston, MA, 6/29/99.
 Subha Ramesh, Vice President Real Estate Intimate Brands, The Limited Inc. (Also Victoria's Secret and Bath and Body Works), Columbus, Ohio, 7/07/99.
 Dianne Blagg, Divisional Manager, Pier 1 Imports, Fort Worth, Texas, 7/08/99.
 Beth E. Bradford, Owner, The Foy Bradford Company, Park City, Utah, 7/09/99.

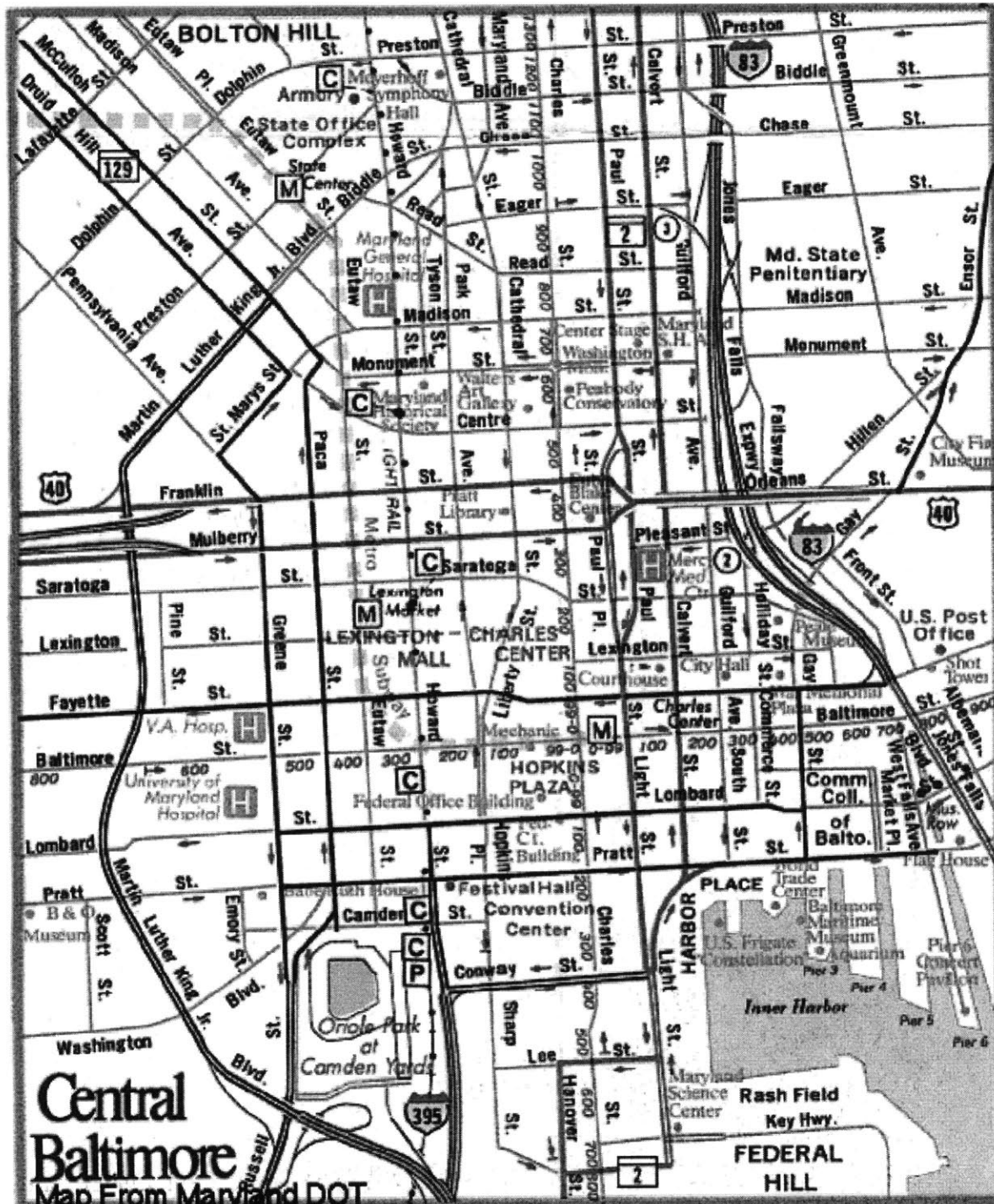
Developers

Glenn Stephenson, General Manager, The Country Club Plaza, Kansas City, MO, 6/16/99.
 Ron Clark, General Manager, Hawkins-Smith Development, Boise, ID, 6/20/99.
 Susan B. Haight, Senior Vice President, Madison Marquette, Cincinnati, OH, 7/09/99.
 Gateway Associates, Salt Lake City, UT, June-July 1999.

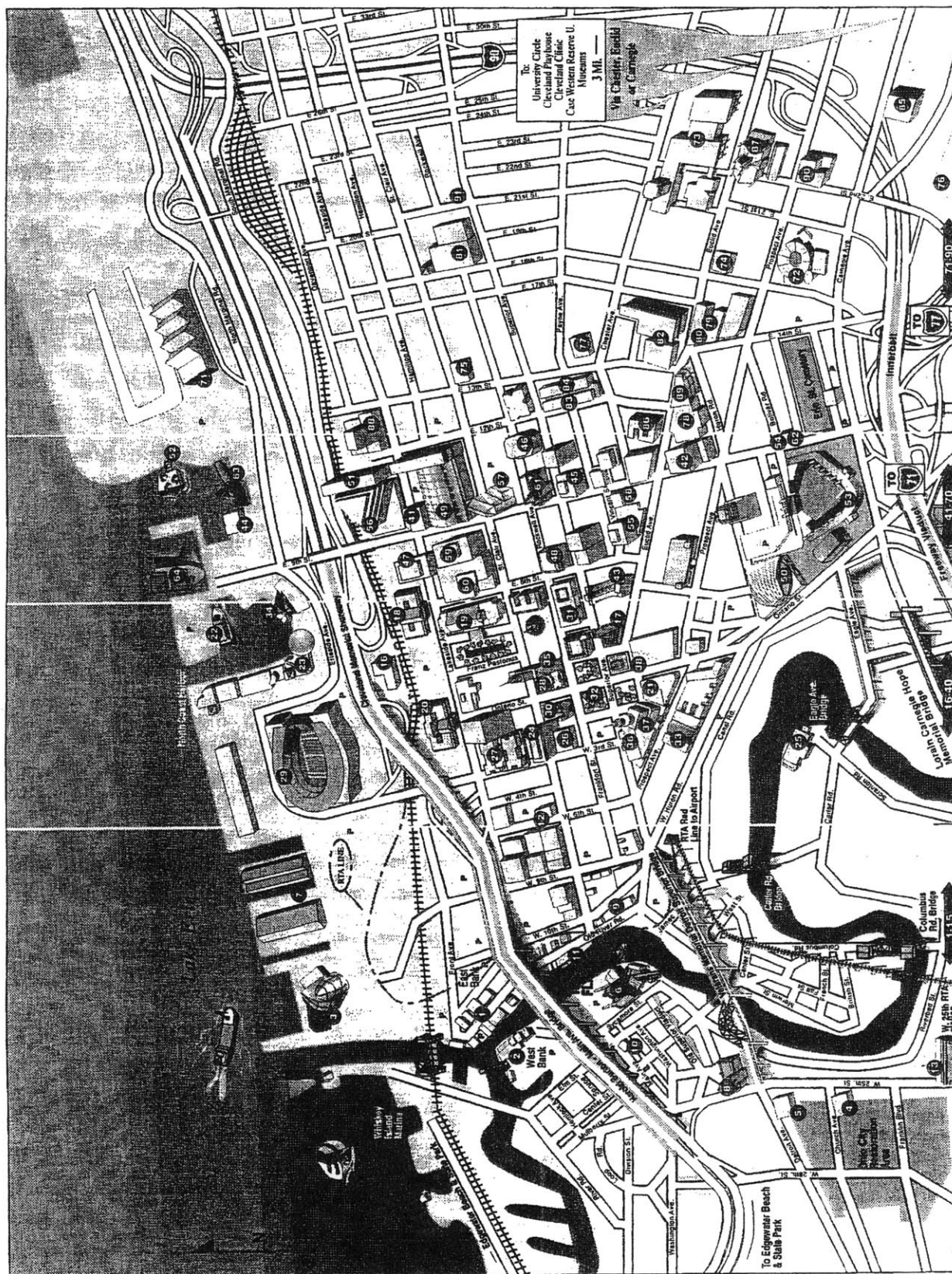
Public Agencies

Alice Steiner, Executive Director, Salt Lake City Redevelopment Agency, S.L.C., UT, 6/16/99.

APPENDIX A



Downtown Cleveland



Key to Downtown Cleveland Map

1-15

Includes: The Flats, The Warehouse District

- | | | | |
|---|--|----|--|
| 1 | The Flats-East Bank: Hooters, Max and Erna's restaurant (and 12 others) | 7 | Port of Cleveland |
| 2 | The Flats- West Bank: Jillians Billiard Club, Shooters, Tiffany's Cafe | 8 | St Malachi |
| 3 | Great Waters Aquarium | 9 | Sammy's |
| 4 | Lutheran Medical Center | 10 | Spaghetti Warehouse |
| 5 | Massimo Da Milano | 11 | Watermark |
| 6 | Nautica Entertainment Complex at the Powerhouse: Art at the Powerhouse, Improv, Nautica Queen (riverboat), Nautica Stage, etc. | 12 | Warehouse District: Greek Isles Restaurant, etc. |
| | | 13 | West Side Market |

16-40

Includes: Rock and Roll Hall of Fame, Municipal Stadium

- | | | | |
|----|------------------------------------|----|--|
| 16 | Amtrak Station and Trailways depot | 28 | Marriott Society Center Hotel |
| 17 | BP Building | 29 | Municipal Stadium (Home of Football Browns) |
| 18 | City Hall | 30 | Old Stone Church |
| 19 | Convention Center | 31 | Public Library |
| 20 | County Courthouse | 32 | Public Square |
| 21 | Dillard's Department Store | 33 | Ritz-Carlton Hotel |
| 22 | Goodtime III | 34 | Rock and Roll Hall of Fame and Museum |
| 23 | Great Lakes Science Center | 35 | Society Center |
| 24 | Illuminating Building | 36 | Renaissance Cleveland Hotel |
| 25 | Jim's Steakhouse | 37 | Terminal Tower: The Avenue at Tower City, Fuddruckers, Rapid Transit Station |
| 26 | John Q's Steakhouse | 38 | Daffy Dan's |
| 27 | Justice Center | | |

41-70

Includes: Gund Arena, Jacobs Field

- | | | | |
|----|---|----|--|
| 41 | Ameritech | 53 | Jacobs Field |
| 42 | Ameritrust Bank Building | 54 | Mel's Grille |
| 43 | Arcade | 55 | National City Center |
| 44 | Coast Guard | 56 | North Point Office Building |
| 45 | East Ohio Gas | 57 | One Cleveland Center |
| 46 | Eaton Center | 58 | Roxy Café |
| 47 | Federal Building | 59 | Sheraton City Centre |
| 48 | Federal Reserve Bank | 60 | Sheraton Hotel |
| 49 | Galleria at Erieview | 61 | St. John's Cathedral |
| 50 | Gund Arena (Home of Basketball Cavaliers) | 62 | The Taverne of Richfield-Cleveland Style |
| 51 | Holiday Inn Lakeside | 63 | USS Cod (WWII submarine) |
| 52 | Hornblower's | 64 | William G Mather Museum (steamship) |

71-90

Includes Cleveland State, Playhouse Square

- | | | | |
|----|------------------------------------|----|---|
| 71 | Burke Lakefront Airport | 82 | Playhouse Square Center: Allen, Ohio, Palace State theaters |
| 72 | Cleveland State Convocation Center | 83 | Radisson Plaza Suite Hotel |
| 73 | Cleveland State University | 84 | Reserve Square |
| 74 | Comfort Inn | 85 | St. Vincent Charity Hospital |
| 75 | Crazy Horse Saloon | 86 | Statler Office Tower |
| 76 | Cuyahoga Community College | 87 | Trinity Cathedral |
| 77 | Greyhound Bus Terminal | 88 | Water Department of Cleveland |
| 78 | Halle Building | 89 | Wyndham Cleveland Hotel at Playhouse Square |
| 79 | Hanna Building | 90 | YMCA |
| 80 | Hickerson's at the Hanna | 91 | Daffy Dan's |
| 81 | Plain Dealer Newspaper | | |